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The Nation's Business

Equality of Sacrifice Sound Fiscal Policy

THE Dominion Government has lost no time in telling Canadians that equality of sacrifice is expected from those who stay at home as well as those who don the khaki.

Within a day after declaration of war with Germany, we have appropriated as large a sum to prosecute our war effort as was raised during the entire period of the last struggle by means of war taxation. The new taxes announced this week are a notification to all Canadians as well as to the world that this country means business in its mobilization for war.

Even more important is the decision, forecast in The Financial Post last week, that Canada is going to prosecute this war on a "pay-as-you-go" basis. The easy way would have been to permit industry and agriculture to fatten on the profits of war. Instead the Government aims wisely to face the huge cost of Canada's war effort by an immediate increase in taxation.

Taxes announced this week are noteworthy in two respects. They encourage industry to gear itself for war effort and establish new earning power and needed working capital without hampering tax restrictions. They recognize the essential need for rapid amortization of new plant and equipment purchased for war purposes.

* * *

AS THE war proceeds, some borrowing will be inevitable. Acting Minister of Finance, J. L. Ilsley, warned against this in his budget speech this week. Mr. Ilsley expressed confidence that these borrowings can be kept within the Dominion itself.

Whether this is possible will depend on the length of the war and on the part which the U. S. will ultimately play therein. At present we are prohibited by the Neutrality Act from borrowing in that market. The extent to which Canada's resources and equipment can be used by the Allies and the price levels at which we sell these goods is equally important.

Whatever borrowings may in the future be necessary must be kept to a minimum. They can be kept there if there is a determination not only on the part of all Canadians to do their bit, but also by Government itself to eliminate waste in the conduct of public business.

Such a programme will demand considerable personal sacrifice and self-discipline on the part of every Canadian. This is a responsibility which all Canadians must gladly shoulder as their reasonable contribution toward the common goal of victory and ultimate peace.

* * *

Outlaw Waste In Public Business

ONE OF the first jobs which Minister of Finance Ralston should set for himself now that the outline of his first war budget has been approved, is to eliminate wastage in public business.

All who have held the high office of Minister of Finance in Canada could point to savings that might have been made in public expenditures once the pressure of political expediency is removed. The emergency of war opens the way. It is now up to political leaders to do their bit in "equality of sacrifice" by tackling public waste.

One immediate opportunity for saving is found in the triad of relief, wheat bonuses and railway deficits. The recent rise in wheat prices has already saved the Government anywhere from $75 to $100 millions. Increased traffic will also reduce the railway deficit and relief costs should decline sharply if not entirely as new productive effort absorbs unemployment slack.

All these savings are fortuitous sums which will automatically relieve the public treasury without much effort of sacrifice on the part of the Government. Equally important opportunities for saving lie in achieving more economical operation of the railway itself; in cancellation of unneeded, extravagant unproductive public works expenditures of the "pork barrel" variety; by insistence on further economies in provincial and municipal administration of relief.

Businesslike administration of public affairs is the least that can be expected of Government as its contribution to Canada's war effort. Savings of at least $150 millions annually could readily be made.

This is a job for every political leader who believes in equality of sacrifice.

* * *

Wheat Prices Control A Tough Nut to Crack

ONE OF the toughest price control nuts which Canada will have to crack in the near future is wheat. Declaration of war has already shoved the price at Winnipeg from 50 to 75 cents a bushel. Not even the announcement last week that Canada will harvest one of the largest crops in history was able to pare more than a few cents from a price level which had risen steadily each day by the maximum permitted amount.

The dilemma which must be faced is that of adjusting the wheat market to an entirely new situation. The market has barely recovered from an unprecedented glut of wheat which no one seemed to want. Now western farmers are sitting tight with little or no intention of letting their wheat go until prices have

(Continued on page 2, col. 4)

See Roosevelt Backing Allies With Supplies

But Administration More Friendly Than Uninformed Public

TO REVISE NEUTRALITY

Washington is distinctly friendly to the Allied cause and will do everything possible in the way of contributing armaments and supplies to insure victory over Germany. This is the conclusion of P. H. Whaley, chief of the internationally read Whaley-Eaton Service of Washington. In the following article, Mr. Whaley predicts early revision of the present hampering neutrality law, but warns that the present administration, though friendly, must move slowly.

* * *

By P. H. WHALEY
Special to The Financial Post

WASHINGTON. — For long months the American Government, largely through President Roosevelt personally, has been in intimate touch with the European situation, and particularly with the problems confronting both London and Paris. It is not a secret that the President considers Hitler as a supreme threat to the perseverance of liberal institutions throughout the world, nor is it any secret that he would like to have all American industrial resources placed at the command of the Allies in so far as they may be required.

The President faced a very different dilemma in regard to the revision of the Neutrality Act. He considered it imperative, and has so considered it for several months, that there be no prohibition on the exports of arms and munitions of war. He had before him a picture of a Germany that for more than four years sacrificed everything to the construction of a monster war machine that cost, as Hitler has said, approximately 90 billion marks. During most of that period the Allies, on the contrary, had been engaged in an effort to revive and rehabilitate their domestic peacetime economies. In these circumstances, it was inevitable that the Germans should enter the war with superior strength in machinery.

Need Planes at Once!

Even so, very heavy shipments of American airplane engines have been made over recent years to Germany and many of the German planes are so powered.

Information given Washington is that the Allies can afford to await revision of the Neutrality Act as regards all other supplies except airplanes. Unless shipment of planes, together with equipment, can begin to go forward in a steady stream from the United States quite promptly, there is grave danger that the Allies may find themselves so inferior in the air as to have their other military operations severely handicapped.

The President, on the other hand, realized the strength of the pacifist elements. He did not doubt that Congress would revise the Neutrality Act so as to permit shipments of all kinds to the Allies, on the cash-and-carry plan, but he wanted the vote to be conclusive. He did not want to face a long fight in Congress, which might give the impression abroad, particularly in Germany, that the United States was divided.

The foregoing the President had to take into consideration in reference to a special session.

Would Help Own Rearmament

Army and navy experts, in conjunction with industrial leaders who have been called to service in Washington, are all agreed on one point, to wit, that it is of very real value to the United States to supply munitions of all sorts to the Allies, because production of these goods means that the factories can be tooled and industry mobilized on a war basis. In other words, the Allied orders would be a very significant part of the United States defense programme in that they

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Highlights

Increased costs of gold mine operation in wartime will be to some extent offset by the bigger return for gold in terms of Canadian dollars. But what gold mines are in best position to withstand rising costs? For chart and article on this timely problem see

What's Ahead for Gold?—p. 12.

* * *

Bank credit is likely to be in greater demand to finance the manufacture of war supplies and the movement of the large wheat crop. Larger inventories and higher prices will also affect the situation.

War Will Increase—p. 10.

* * *

Newsprint authorities are convinced that the U. S. will turn to Canada for more of its requirements, now that war has broken out.

Broaden Newsprint—p. 4.

* * *

General Index on p. 2.

Canada Wheels Into Action

Mr. King Shows Canada Means Business—But His Cabinet Needs Further Strength. New Defense Minister is Most Urgent Need

Canada is swinging its heavy batteries of production and finance into action to support her sons who are coming forward from coast to coast. The war declarations of the Prime Minister and of his "deputy prime minister," Mr. Lapointe, can leave no doubts in the minds of anyone that Canada means business. In the hour of crisis these two leaders of Canada have acted and spoken in a way that has won them the devotion and admiration of all classes of Canadians. This country, it is now apparent, intends to tackle its job in the winning of this war with an efficiency worthy of the nation's resolute purpose.

Already Mr. King has taken steps to plug some of the holes in our national lines of defense and to check politics and profiteering.

* * *

Hon. Charles A. Dunning, whose experience and ability are denied to us by his most untimely illness, has been replaced by a man who has had experience in government, war and business. Up to the very moment of his appointment there was doubt as to whether Col. J. L. Ralston would take Defense or Finance, but he chose the latter job. It is an important job. Ultimately this war is going to be won by money and materials even more than by men. If Canada is to be generous and effective in her contribution to the Allied cause she will have to demand financial sacrifices of her people. She will have to organize the supply of the "materiel" of war with efficiency and economy. To the Minister of Finance will fall the major burden in these fields.

* * *

The glaring unpreparedness and inefficiency of the Department of National Defense has been recognized by Mr. King in several moves. The actual purchasing of supplies has been taken out of the hands of that department and will be put under a new war supplies board that may in turn be supplanted by a Ministry of Supply.

In addition to putting the organization of supply in hands other than those of Department of National Defense, the government has replaced the deputy minister of that department, Major-General L. R. LaFleche, with two soldier-industrialists who have a record of successful business administration.

There are a great many more moves of similar character necessary if the job of reorganizing the administration of the nation's business is to be completed.

* * *

The present cabinet is much too weak a cabinet to lead Canada in an efficient war effort. There is a lack of courage and purpose in more than one ministry; a lack of administrative ability in others.

Mr. King will have to conscript more of Canada's men of business for his cabinet. Regardless of their party affiliations in times of peace Canada's real leaders must be brought into action. It is not a case of asking them to take up political careers. It is a case of giving them a share in the nation's business on a non-political basis for the duration of the war which has come uninvited to this country.

Of all departments at Ottawa the one most urgently demanding a new chieftain is the Department of National Defense. It is not right that Canada's young men who are joining up should have to serve under a man whose policies of political favoritism; whose misrepresentations of our defense position to Parliament; whose lack of understanding of the needs of the situation and whose incompetence in administration have been abundantly proved.

* * *

The Prime Minister has served notice on members that they must not seek favors for their friends. He said:

> "We want no favoritism in this war. We want the honorable name of this government and this country to be sustained, and the man who seeks to profit indirectly by having his relatives or friends gain this contract or get that commission and the like is no true friend of this administration."

This new policy is morally just and economically sound. It is unfortunate that Mr. King did not enforce it in the last two years of preparation when political favoritism in the awarding of contracts slowed up our preparedness programme and wasted public money. Mr. King is late with his declaration.

The Financial Post has expressed strong views on the matter of the direction of the key Department of National Defense because the information it has compiled—some of which has been published in these columns—provides reason for non-confidence in the administration of the present minister.

Here, for instance, is an example of the kind of administration the Department has gotten under its present minister, Hon. Ian Mackenzie:

> Last summer, just before the Vaughan purchasing board was set up, but long after public opinion had been aroused to passionate resentment against political favoritism in the awarding of the Hahn contract, the government had another contract to let for an essential war material, requiring the highest technical skill in its manufacture.
>
> Tenders were called for. The contract was let to a firm comprised of a group of insurance agents. The firm was purely a "dummy" company. It possessed no plant. But it had one priceless asset. Its president was a former president of a political party association.

Mr. King says there must be no favoritism. But how can the public assume that there will be no favoritism so long as the minister under whose regime such a contract was let, almost on the eve of war, remains in office.

In many other cases defense contracts have been let on a "cost-plus" basis and without competition to "selected" contractors. These contracts offered the widest opportunity for exploitation of the public.

* * *

The Financial Post knows no way of judging a man's qualities and abilities except by his record. The record of the man whom Prime Minister King is continuing at the head of our Department of National Defense inspires no confidence.

Mr. King's neglect to put a seasoned administrator at the head of this department without delay is an affront to the thousands of gallant men and women who are coming forward to serve their country—and perhaps to die for their country. It is not worthy of the spirit of self-sacrifice that is dominant in every home from coast to coast as the nation sets itself resolutely to the task of achieving victory.

Vital War Industry Sees Labor Shortage Distant

Canadian industry vital to production of war materials and most susceptible to disruption through enlistment of its workers in the Army is not yet feeling any pinch and does not expect to for some time to come, a survey by The Financial Post reveals.

Belief that it will be some time before the Canadian Army will require large numbers makes the problem relatively remote for the present. For the future, many industrialists seem to feel that the Canadian Government is fully alive to the requirements of making and keeping Canada the supply base of the Allied forces; hence, that some means will be devised whereby producers of essential war materials will not suffer crippling labor shortage.

Experience of the last war, when a large expeditionary force was promptly sent to Europe, when wages soared and when many enterprises found plans for expansion stifled by lack of suitable labor seems very unlikely to apply in the present case.

Prime Minister Mackenzie King in a recent Parliamentary address made it clear that the place for many to "do their bit" was not in the Army but in the jobs at home in which they were skilled and vital cogs in a war machine.

It is understood that a special war committee of the Government has been formed and will watch this phase of war economy.

Pay-as-You-Go Policy Adopted By Government

Wartime Budget Features Excess Profits Tax

PROVINCIAL TAXES HIT

From Our Own Correspondent

OTTAWA.—As its war finance policy the Dominion Government has adopted the policy forecast in last week's issue—of meeting the war costs as incurred. The Government will insist on the principle of "equality of sacrifice on the basis of ability to pay," Hon. J. L. Ilsley, Minister of National Revenue, declared in his budget speech this week.

The Government will follow a pay-as-you-go policy and numerous tax increases have been announced to achieve this end. Main feature of the tax programme is an excess profits tax. A surtax of 20% is also provided on taxable incomes.

Entire cost of the war will not be financed through taxation, and taxes will be kept within limits which will not impede investment of funds, industrial activity or produce inefficiency.

Interest Rates

Expenditures which cannot be met by taxation will be financed by borrowing from the Canadian public at as low rates as possible. In this connection Mr. Ilsley pointed out that a sharp rise in interest rates is not expected. Conditions

(Continued on page 2, col. 6)

Civilians today—soldiers tomorrow. All over Canada thousands are answering the call to the colors.

War Budget Boosts Taxes On Income, Profits, Luxuries

Industry Can Elect Excess Profits Tax Alternative Yearly

Parliament has given its approval to the Government's programme of finance and taxation for the balance of the current year. As expected the additional burdens placed on Canada because of participation in the war have brought added taxes which will have to be paid by all citizens.

Industrial profits will not escape. There are two major channels through which the Government aims to get extra revenues to finance its programme from business.

First there is a flat rise of 3% in the regular rate of corporation income tax. This will make the non-consolidated rate 18% and the rate for consolidated returns 20%. On the basis of last year's returns, this should yield an additional $3.5 millions.

Excess Profits Tax

In addition to the higher rate of corporation income tax, there is to be imposed an excess profits tax. Taxpayers are offered alternative methods of payment for the latter impost.

Rates of excess profits tax are given as follows:

On profits in excess of 5% but not exceeding 10% of the capital employed—10%;

On profits exceeding 10% but not exceeding 15% of the capital employed—20%;

On profits exceeding 15% but not exceeding 20% of the capital employed—30%;

On profits exceeding 20 per cent but not exceeding 25% of the capital employed—40%;

On profits exceeding 25 per cent —60%.

As an alternative, a taxpayer under this provision of the act can elect to pay his excess profits tax on the basis of 50% of all profits in excess of the average income of the business for the four years, 1936, 1937, 1938 and 1939, or the four fiscal periods ending in those years.

Elect from Year to Year

Companies do not have to elect the alternative which they wish to use for more than a year at a time. That is, a company may elect to pay the 50% of profits in excess of the four-year average next year and desire to change to the other method the next year. Such a move would be permitted, The Financial Post is informed.

The new rate of taxation applies for the year 1940 and fiscal periods ending therein after March 31, 1940. This means that 1939 profits will not be subject to the higher levies.

Capital Defined

For the purpose of the new regulations, capital employed is to be defined as paid in capital plus surplus or accumulated profits and reserves. It will not apply to any borrowed capital such as bank loans or funded debt.

Taxpayers under the new regulations can deduct the amount of the regular income tax at the 18 or 20% rate, whichever is applicable, before calculating the amount of profits on which the excess profits tax will apply.

Special Amortization

Mr. Ilsley mentions special provision that will be made to permit amortization of new plant or equipment which is made necessary because of Government orders. This removes any obstacles that might otherwise be in the way of inducing industry to embark on the special

(Continued on page 2, col. 2)

Canada Budgets for War

This week the Government of Canada, Canadian business and Canadian industry, budget for war.

Active participation of this Dominion in the great struggle in Europe will mean profound changes in the life of every citizen of this country, in the operation of all industries.

Throughout this issue of The Financial Post the new budget and war situation is covered in the following special articles:

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Gold Best Munition—p. 12.
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Food Boost—p. 1.

Stock Markets:
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Empire Mission At Work Here

Probes Canadian Ability to Serve as Allied Arsenal

From Our Own Correspondent

OTTAWA.—Investigation of Canada's ability to serve as the Empire arsenal for war is under way by the British mission which has just arrived here in response to the appeals of the mission of the Canadian Manufacturers' Association. So far no definite action has been taken, it is understood.

Chairman of the commission has not yet arrived but is expected momentarily. The five members already here are presently studying all available data on Canada's industrial preparedness and possibilities, especially the information collected by the C.M.A. mission. The Britishers are conferring with various Government boards and will have the situation well in hand for prompt and definite action as soon as the chairman arrives.

Cancellation of the 5% profits limitation tax on arms contracts is regarded as a very important step in opening the way for effective co-operation of Canadian industry with British authorities.

Members of the British mission are Vice-Admiral Percy Addison, from the Admiralty, Major General R. F. Lock from the War Office, and three representatives of the ministry of supply, G. B. Gordon, A. C. Boddis and Mr. Crone.

Sterling Exchange Shows Steadier Tone

Sterling exchange has been steadier at around $4.02 to $4.06 in New York and $4.44 to $4.45 in Toronto. The relative firmness is attributed to Bank of England supports. The Canadian dollar has been maintaining a position at a discount of 9% to 10% under that of the United States. Whether the pound will be stabilized at its present level or not is what businessmen are wondering. In the last war sterling was pegged at $4.76 7/16 New York and the Canadian dollar held at a slight discount under United States currency.

Food Prices Jump On War

First Advances Caused By Abnormal Demand

War-inspired demand for foodstuffs in the past week has driven prices sharply upward. With the performance of commodity prices in the last war still in mind, housewives have hastened to lay in supplies. This sudden demand has taxed facilities of retail grocery organizations considerably.

Advances have been caused principally by this abnormal demand upon normal sources of supply and machinery. It is expected that once the demand subsides to more normal proportions prices will stabilize.

War has already caused such dislocation in agricultural industry and the multitude of industries dependent upon it that the Government has created a committee comprised of the best brains of the Federal Department of Agriculture, armed it with the untrammelled power of the War Measures Act and instructed it to mobilize the industry in such way as to ensure maximum exports to Britain and adequate food supplies at home. Back of these immediate objectives is determination to carry Canadian agriculture through this war in such a way as to prevent major post-war problems arising. The many and ghastly mistakes of the last war are to be avoided this time.

Problems now confronting this committee are immense and would appear to involve the regulation and direct control of the entire industry. With the War Measures Act, the committee possesses all powers of Parliament and questions of provincial jurisdiction do not arise.

Exchange Problem

Chief peril at moment arises because British Government has pegged food prices, preventing any increases, and the British pound has depreciated. This means that British prices for all foodstuffs in terms of Canadian dollars have declined sharply. Canadian cheese is now worth less than 10 cents a pound in terms of sterling and the bulk of our cheese is sold in Britain. Bacon prices are also affected.

Interrupted transportation facili-

(Continued on page 12)

Ottawa Sees Cabinet Shift Coming Soon

Purvis Urged for Munition Department and Howe Defense

BUILD UP KEY POSTS

From Our Own Correspondent

OTTAWA. — Further possible moves by Prime Minister King to strengthen his Cabinet have been the subject of much speculation here during the past week.

It is generally recognized that the four key departments in a War Government are Finance, Defense, the newly created Ministry of Munitions and Supply, and External Affairs.

Mr. King himself holds the portfolio of Secretary of State for External Affairs. Appointment of Hon. J. L. Ralston to the Ministry of Finance solved a pressing problem but left still unsolved the difficulties presented by defense and the urgent necessity of finding an able executive to head the Ministry of Munitions and Supply.

Defense Department

Well-informed sources state that Mr. King was anxious to have Col. Ralston go to the Defense Department. In fact, there is evidence to indicate that up to within a few hours of Col. Ralston's taking the oath as Minister of Finance, it was anticipated in circles close to the Government that he would become Minister of Defense, and that Hon. Ian Mackenzie, the present defense head, would take over the vacant portfolio of Secretary of State.

Failure of this plan to eventuate is stated to have been due to Col. Ralston's desire to avoid embarrassing his personal friendship for Mr. Mackenzie.

The fact that such a proposal could have been discussed, however, indicates that there is uneasiness within the Government itself over the present direction of the Defense Department. Further evidence of this disquiet was afforded by the transfer of the purchase of supplies, first to the Defense Purchasing Board which was directly responsible to the Minister of Finance, and now to the new War Purchasing Board that is later to be replaced by a Ministry of Supply.

Mackenzie for Tokio

It is believed that various other possibilities looking toward further adjustment in the Defense Department have been canvassed. One suggestion known to have been discussed in the highest quarters is that Mr. Mackenzie might be nominated to the post of Canadian Minister to Tokio.

As to the fourth key ministry, that of Munitions and Supply, there is still doubt as to whether the Government has been able to secure the services of the man it has had in mind.

One name that has been frequently mentioned in this connection is that of Arthur B. Purvis of Montreal, president and managing director of Canadian Industries, Ltd.

Administration of the new department for the time has become the added responsibility of Finance Minister Ralston. The organization built up by R. C. Vaughan during the past two months as Chairman of the Defense Purchasing Board, will become the nucleus of the new Supply Board.

New Job for Howe

There has also been a good deal of conjecture as to the rôle which Hon. C. D. Howe, Minister of Transport, might play in further Cabinet reorganization. In some quarters it has been suggested that he might go to the Defense Department. His name has also been mentioned in connection with the Ministry of Supply.

Some supporters of the Government would like to see a call go out for the drafting of Hon. Angus Macdonald, energetic Premier of Nova Scotia. One suggestion is that if he could be persuaded to come into the Cabinet as Solicitor General he would make an ideal "trouble shooter" for a war-harassed administration.

Toll Calls Up From War Start

From Our Own Correspondent

MONTREAL.—During the first 10 days of September, long distance telephone traffic in the largest cities of Quebec and Ontario increased from 19 to 47%, according to an announcement by Bell Telephone Co. of Canada.

Largest increase was shown by Quebec City, followed by Ottawa with 45.4%. In six cities in the company's eastern area from Kingston to Quebec City, total number of calls jumped from 88,684 during the same period of 1938 to 121,973 this year, or a gain of 37.5%. In 20 representative cities of Ontario west of Trenton, 203,479 long distance calls were made during this period, as compared with normal traffic of 171,661 calls, or an increase of 18.5%.

The sharp increase is attributed by company officials to factors brought on by the outbreak of war, such as Government and militia calls, possible [illegible] changes and increased stock market and foreign exchange transactions.

MEN'S SHOP

FINE APPAREL FOR MEN

NEWS!

FOR THE MAN WHO WEARS A

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TOPCOATS 45.00 to 55.00

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FREE PARKING WHILE SHOPPING

MEN'S SHOP

BAY STREET SECTION

EATON'S - COLLEGE STREET

Appoint Many Committees To Deal With War Problems

From Our Own Correspondent

OTTAWA.—With war only a few days old, the formation of various boards and bureaux, committees and sub-committees is proceeding apace.

Here is the list to date:

Six cabinet committees have been named to deal with the war effort of the country.

There is an emergency committee under the chairmanship of Premier Mackenzie King, which considers all questions of general policy and co-ordinates all operations of government.

A committee of supply, under the chairmanship of Hon. P. J. A. Cardin, Minister of Public Works, is acting in an advisory capacity on the purchase of all supplies, equipment, munitions and the mobilization of industry.

A committee on legislation, under the chairmanship of Hon. C. G. Power, Minister of Pensions and Health, supervises orders-in-council passed under the War Measures Act and, as well, seeks to prevent duplication in work between the departments.

A public information committee, under Postmaster-General McLarty, has to do with censorship, information and publicity.

A committee on finance, with Hon. J. L. Ralston as chairman, deals with banks flotation of bonds, moratoria and similar matters.

A committee on internal security, under Hon. Norman Rogers, Minister of Labor, has charge of commodity prices, cost of living, provincial relations, labor disputes, public safety and order.

A Wartime Prices and Trade Board has been set up with Hector McKinnon, tariff expert of the finance department, as chairman, and David Sim, Commissioner of Excise, and Fred McGregor, Administrator of the Combines Act, as members. The duty of the board is to safeguard the public under war conditions against undue enhancement in the prices of food, fuel and other necessaries of life, and to ensure an adequate supply and equitable distribution of such commodities.

This board has already dealt with sugar, issuing a statement declaring that there is no justification for a price increase, warning the public against hoarding, and indicating that failure to readjust sugar prices quickly might entail a fixed price. The board has ample power to take such action.

A censorship board has been appointed with Walter S. Thompson, director of publicity for the National Railways, as chairman. The personnel is: J. A. Sullivan, Deputy Postmaster-General; Lt.-Commander C. P. Edwards, chief of air services; Lt.-Col. R. P. Landry, secretary of the Canadian Broadcasting Commission; Col. Maurice Pope of the general staff, Defense Department; L. Clare Moyer, clerk of the Senate; Oswald Mayrand, of Montreal, formerly a director of the Canadian Press.

From Hand Loom to Textile plant is the span of modern progress.

Mass production, mass selling, employment of large numbers of men and women—these activities present their own peculiar problems—among them, seasonal demands for ready cash.

A prime function of banking is to meet these demands of modern industry for money. Savings of thousands of depositors are mobilized for this essential purpose. We invite the inquiries of industry for financial accommodation.

The Royal Bank of Canada

War Budget Boosts Taxes

(Continued from page 1)

expenditures that may be necessary to make war materials. For example, a manufacturer may receive an order but not have it delivered when the war ends. He may have had to install special machines or even build a new plant. Each case will be considered individually but provision is to be made to permit an extra rate of amortization during the life of the contract to avoid losses in this connection.

Surtax on Income

The Income War Tax Act has been amended to provide a surtax of 20% on income tax payable.

An individual who paid $100 income tax in 1938 will be called to pay $120 on the 1939 tax. The provincial governments will suffer a loss of income tax revenue because the taxpayer is exempted the amount he pays to the Dominion Government.

Therefore this taxpayer will be able to deduct $120 instead of $100 from the amount upon which income tax is payable to the provincial government. The revenue to the province will be correspondingly lowered.

On the basis of income taxes received by the Dominion Government in 1937-38, totalling $120.4 millions, the increase to revenues to surtax would be more than $24 millions.

Liquor Taxes Up

The wartime budget just introduced brings with it additional taxes on all classes of liquors, wines and beers. The immediate effect has been an increase in retail prices for liquors, effective September 13.

The customs tariff is amended to raise the duty on whisky, brandy, rum, gin and some other items by $3 per gallon of proof spirits. Also under the customs duty is an increase in duty on ale, beer, porter and stout of 9 cents a gallon. On wines, except sparkling wines, containing not more than 40% proof spirits, the duty is up 7½ cents a gallon, while on champagne and other sparkling wines the rise is 75 cents a gallon.

On domestic liquors, beers and wines, the excise tax is raised by a corresponding amount. On spirits distilled in Canada, the excise tax is to be $7 a gallon instead of $4 per proof gallon. Canadian brandy is to pay $6 a gallon instead of $3. Excise duty on malt made in Canada or imported is up from 6 cents a pound to 10 cents and on malt syrup from 10 to 15 cents per pound on domestic made goods and from 16 cents to 21 cents a pound on imported syrup.

Prices Up

The new schedule of liquor prices issued by the Liquor Control Board of Ontario, effective Sept. 13, clearly illustrates effect of the new taxes. Increases range from $1 to 90 cents a bottle for the 40-oz. rye whisky and 75 cents to 65 cents on the 25-oz. size. Other prices are up proportionately with imported Scotch whiskies up $1.15 for a 40-oz. bottle and 75 cents for a 25 or 26-oz. size.

It is possible that this sharp price rise will mean reduced sales, at least for the present. Estimates of the probable amount of revenue to be raised from this source are about $12 millions.

First word from the brewing industry in Ontario, at least, is to the effect that the industry will be able to absorb the rise in prices. E. P. Taylor, president of Canadian Breweries Ltd., informs The Financial Post that his companies are not planning to raise the price of their products in Ontario. Quebec brewers have already raised prices and Ontario brewers followed suit in that province. Mr. Taylor states that he hopes for sufficient increase in volume in view of the substantial rise in liquor prices to offset the higher costs.

Sales Tax on Gas Bills

Addition of the sales tax on electricity and gas used for domestic purposes will give the Dominion Government an annual revenue of around $4 millions.

In 1937, the last year for which complete returns are available, the domestic users in this country paid just about $40 millions for their electrical energy. On top of that they spent several millions for gas. So that all in all the Government can expect to collect around $4 millions. Use of gas for house heating will be changed in its competitive position in relation to other fuels.

On the basis of the 1937 returns this is the amount which each province would contribute for electrical energy used by domestic consumers, payment being on the basis of 8% of the bill:

8% Tax on Electricity Used By Domestic Consumers Based on 1937 Returns

	$
Prince Edward Island	12,213
Nova Scotia	122,823
New Brnswick	89,436
Quebec	648,715
Ontario	1,417,477
Manitoba	249,788
Saskatchewan	144,100
Alberta	149,241
British Columbia	302,351

Responsibility for collecting this charge will likely be passed along to the distributor. This will reduce to a minimum the cost of collections.

Montrealers, while quite willing to bear their share of the war costs, will feel this particular charge more than the people in any other section of the Dominion. At present they are paying a special sales tax of 2%, so that with the new Dominion tax, they will pay 10% of their gas and electricity bill to the Government treasury compared with 8% elsewhere.

Tobbacco Taxes

Imperial Tobacco Co. of Canada stands to be affected by the increased taxes announced by the Government. The company is concerned with the additional impost of $1 a thousand on cigarettes and of a further 5 cents a pound excise duty on tobacco. In addition the company naturally is affected by the change in corporation and income tax.

The increase in the cigarette tax means the consumer will pay one cent more for each 10 cigarettes purchased. While this charge will be passed along, it is to be expected that a consumer resistance will be set up which will reduce the number of cigarettes sold and may, quite possibly, offset any increase in revenue expected by the Government. That remains to be seen. But any reduction in consumption naturally has a direct effect on the profits of the company.

The 5 cents a pound increase in the tax on tobacco will most likely have to be borne in its entirety by the company. There does not appear to be any way in which this charge can be passed along to the consumer. Again this will affect earnings of the company.

Foods Bear Share

Under the new war budget Canadian householders are going to pay more for their tea and coffee, canned fish, hams, bacon and other smoked or salted meats.

Amendments to the Special War Revenue Act remove canned fish, and salted and smoked meats from the list of articles formerly exempted from sales tax. The result of this is that the present sales tax of 8% will now apply to these items.

The Nation's Business

(Continued from page 1)

risen at least to the dollar mark and probably higher.

* * *

THE current bulletin of James Richardson & Sons, suggests that any attempt to fix prices at this time is doomed to failure. A fixed price reflecting temporarily large supplies of wheat in the world without regard to the effects of the war will certainly not be satisfactory to the Canadian farmer. On the other hand, a price which reflects the disruption likely to be caused by the war, before that disruption takes place will not be satisfactory to the buyer.

The Richardson firm offers some good advice when it says:

"One of the chief dangers to be avoided is hasty, ill-considered action. To be fully effective, Canadian wheat policy should be evolved gradually and adapted to the actual circumstances of the war. Before taking steps that may be difficult to retrace we would be well advised to watch and wait for further developments.

"Above all, there should be no hesitancy in calling on the advice and services of men who have qualified themselves through long experience for positions of responsibility in agriculture and the grain trade."

* * *

Aiding Britain's Sales in Canada

A. M. WISEMAN, His Majesty's senior trade commissioner in Canada, has urged that we, in this country, do our part in ensuring the largest possible flow of British exports to this country.

This is an obverse but nevertheless vital side of Canada's war contribution. In the last war the major emphasis in Canada was to see how great a production of war supplies and raw materials we could muster for export to Britain. We are apt to forget that if these exports are not paid for in goods, then either we are left with a large unpaid credit on our books or else Great Britain must use vital resources of gold or cash to meet the obligation.

In the last war, Canadian purchases of goods from Great Britain dropped from $139 millions in 1913, to $77 millions in 1916. When the change in price levels is taken into account, the actual purchases, according to figures given last week by Gilbert E. Jackson to the Canadian Importers and Traders Association, were cut by two thirds. Imports from the U. S. declined only one third in the same period.

* * *

THE specific suggestion made by Mr. Jackson is that certain peacetime regulations, which might unwisely hamper British exports to Canada in time of war might well be temporarily suspended. These are:

1. Dumping duties which are of automatic application and which can quickly cripple Britain's power to purchase in time of greatest need.
2. The rule restricting full benefit of preferential duties to imports in British ships via Canadian ports. This can work excessive hardship when all shipping moves in accordance with admiralty, not commercial needs.

Britain's financial problems have become our problems. Any way in which we can make it easier for Britain to sell more merchandise in Canada during the present emergency should receive the approval of the Government as well as of private enterprise.

* * *

Hon. Howard Ferguson For Washington

RESIGNATION of Sir Herbert Marler as Canadian Minister at Washington creates a very important vacancy in the Government service.

It is regrettable that Sir Herbert's ill health has forced him to relinquish his position after many years service to the country. But it is only proper that he should make way, in time of war, for a man fully able to cope with the exacting demands of this important responsibility.

Hon. Howard Ferguson would fill this office capably and well.

He made an outstanding success of his High Commissionership in London. His personality and knowledge of business fit him ideally for a job which will be increasingly important during the critical years ahead.

A man of Mr. Ferguson's type could do much to influence the United States in favor of Canada and the British Empire at this time. His appointment would be confirmation of the Government's expressed desire to drop all partisan policies.

Low Priced Stocks Lead in Early Gains

After the initial spurt following the actual outbreak of war, Canadian stock markets have not been able to maintain the pace set by New York. There is a good reason for this. Canada is at war; the United States is not. Canada is faced with immediate necessity of financing active participation in the war. Measures will have to be taken in this country that will not be considered in the U.S.

But even in Canada stocks have already begun the sifting out process by which investors will attempt to estimate the new outlook for their holdings. It is obvious that not all stocks are going to fare alike in the months to come.

Partly the price gains shown by certain low priced groups, in particular the pulp and paper and transportation stocks, is magnified from the percentage standpoint by the low levels to which they had sunk. Canadian Pacific shares, for example, were quoted at their all-time low two weeks ago. The close on Aug. 31 for this stock was $3⅜; the close on Sept. 12 was $6⅜ a share, a gain of close to 90% in nine days trading.

Some Groups Lose

A study of the security indexes published by the Dominion Bureau of Statistics indicates that, measured by percentage of gain, the best showing has been made by pulp and paper, followed by transportation, machinery and equipment, milling, oils and building materials. On the other hand, in this same period, beverage stocks and those of banks, telephone and telegraph companies and gold mines actually showed small declines. In the case of the latter, it should be pointed out that this earlier decline was reversed on Sept. 12.

To date it has been the low-priced, and more speculative stocks, that have been quickest to reflect the new appraisal of industry under war conditions. For the rest of the market, it has followed pretty closely along predicted lines. Steel company stocks, those of concerns making machinery including aircraft and railroad equipment, milling concerns and the leading oil companies, have been in the vanguard. So far as Canadian stocks are concerned the metal companies may have disappointed some but the action has apparently been the result of such factors as price controls in Great Britain and a variety of rumors which ranged from projected complete control of Canada's metal mines by the Government to various stages of taxation or interference.

Inventory Stocks

Companies with inventories of materials, either in the ground such as mines and oil companies or pulp and paper concerns through their timber limits, are affected in two ways from war time inflationary price rises. In the first place, their undeveloped inventories take on new values as prices rise. Also they are producers of essential materials, made even more desirable under the stress of war time industrial activity. These factors must be considered in appraising the oil stocks. The D.B.S. index already mentioned that B.A. Oil, Imperial Oil, International Petroleum and McColl-Frontenac as a group were up 23.1% in the first nine days' trading after the outbreak of war.

A ready comparison of the action of different groups of stocks in the effort of investors to appraise the outlook for their holdings and endeavor to protect themselves is given by the tabulation that follows. The indexes used are those prepared by the Dominion Bureau of Statistics.

Comparative Group Moves

	Sept. 1	Sept. 5	Gain to Sept. 5 %	Sept. 7	Gain or Loss to Sept. 7 %
Pulp & paper	9.5	15.4	62.1	17.0	78.9
Transportation	9.3	13.8	48.3	16.3	75.3
Machinery & equip.	100.6	130.5	29.7	129.8	29.0
Milling	75.6	93.6	23.8	95.2	25.9
Oils	136.2	167.0	22.6	167.6	23.1
Bldg. materials	115.7	139.5	20.6	139.6	20.7
Industrial mines	402.1	488.8	21.6	448.6	11.6
Textiles & clothing	58.9	64.2	9.0	65.6	11.4
Base metals	299.1	338.5	13.2	315.1	5.3
Foods & allied prods.	175.0	178.9	2.2	179.8	2.7
Power & traction	52.2	54.3	4.0	53.2	1.9
Gold stocks	100.4	105.7	5.3	100.2	—0.2
Telephone & telegraph	122.7	122.2	—0.4	122.2	—0.4
Banks	81.0	81.3	0.4	80.5	—0.6
Beverages	107.8	109.4	1.5	106.3	—1.4
68 Industrials	150.2	179.4	19.4	173.5	15.5
19 Utilities	38.2	41.0	7.3	41.6	8.9
25 Mines	139.0	150.8	8.5	141.8	2.0
95 Common stocks	91.0	105.3	15.7	102.8	13.0

Montreal-Ottawa "Clash" on Taxes

From Our Own Correspondent

MONTREAL.—Pity the poor cigarette smoker in Montreal! There is a city sales tax of 2% on all articles of this type, but at present the city exempts all items selling for 10 cents or less. The new Government war measures will increase the retail selling price of cigarettes from 10 to 11 cents for a packet of 10, thus automatically bringing the smaller package within range of the Montreal sales tax.

Investors' Index

C. P. R.	4, 7	Dosco	4
Winnipeg Elec.	14	Nat. Steel Car 3,	4
Gatineau Pwr.	10	Price Bros.	4
Bolivian Pwr.	11	Ham. Bridge	4
Ford Motor	11	Blue Ribbon	5
Imperial Oil	11	Shawinigan	5
Great Lakes Pr.	11	Anglo-D. Sugar	5
Champion Sav.	11	Can. Colon. Air.	5
Inter-State R. 4,	11	Candn. Celanese	5
United Fuel	11	Inter. Bronze	5
Mtl. L. H. & P.	11	Cons. Diversified	5
Rly. Exch. Bldg.	11	Standard Fuel	5
Candn. Car	3	Loew's Theatres	5
Candn. Vickers	3	Hiram Walkers	4
de Havilland	3	Kelvinator	4
Fleet Aircraft	3	Candn. Marconi	9
Noorduyn	3	Reliance Grain	9
Ottawa Car	3	C. S. L.	9
Cub	3	Bell Telephone	1
Gen. Stl. Wares	4		

MINES AND OILS

Bass Lake	13	Privateer	13
Camilla Candn.	13	Relief-Arlington	13
Cariboo G. Q.	13	Spud Valley	13
De Santis	13	Silbak-Premier.	13
Dawson White	13	Siscoe	13
Devon	13	Wendigo	13
Empire	13	McIntyre-Porc.	13
Falconbridge.	13	Aldermac	13
Gold Belt	13	Sherritt Gordon.	13
Gunnar	13	Bilmac	13
Golden Gate	13	Hedley Mascot	13
Hanalda	13	Slave Lake	12
Jason	13	Can. Beryllium	12
Lava Cap	13	Beattie	12
Jalda	13	Savard	12
Pamour Porc.	13	Albany River	12
Paymaster Cons.	13	Pontiac Rouyn	12
Pioneer	13		

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Pay-As-You-Go Policy Adopted

(Continued from page 1)

are radically different from what they were during the Great War.

As a result of Canadian Government expenditures and orders from the allies, Mr. Ilsley expects a marked expansion in Canadian production and in the national income, and as a result a considerable increase in government revenues.

Increased Income

By the time the stage of full war effort Mr. Ilsley expects the national income will have increased so substantially that existing revenues will yield a much higher revenue than during the last year or two.

The budget indicates that early entry of the Government into the bond market for funds is unlikely. The initial operation probably will be of a short term character and be designed to promote the immediate expansion of productive activity. Only after the initial period of expansion is the Government likely to offer a loan for public subscription.

The surtax of 20% on incomes is expected to deprive the provinces of a part of their revenues. Chester Walters, comptroller of the Ontario Treasury, said that the tax will cut "tremendously" into provincial income tax revenue.

Expect Large Deficit

As a result of its special war budget calling for an additional expenditure of $100 millions in the current fiscal year the Dominion Government may have a deficit of $156 millions.

This is the estimate made by the special budget brought down by the Minister of National Revenue.

There are a number of items which were not taken into consideration in this estimate. The revised revenue figure does not include any estimate of additional receipts which will accrue from the increased taxes. The expenditure estimate does not take into consideration defense expenditures of $29 millions which are to be capitalized or to a still possible loss on wheat operations.

Expanded Production

In the budget brought down in April last revenues were estimated at $490 millions and expenditures at $550 millions. The latter figure also excluded defense expenditures to be capitalized and losses on wheat operations.

Because of the expansion of production and incomes which is expected to result from expenditures on war activity and orders from the allies, it is now estimated, if there were no changes in the tax structure, total revenues would amount to $495 millions. Expenditures are now estimated at $651 millions.

The deficit estimate of $156 millions cannot be regarded as only a rough calculation. It can quite easily exceed this amount. The Government admits that its estimate of $100 millions for war purposes is conservative and it is possible it will have to be increased.

Budget Helped

While an increase from $60 millions to $156 millions in the estimated deficit is large, the probable deterioration in the budget position of the Dominion is not as great as these figures indicate. As a result of the recent rise in wheat prices, which is a direct result of the war, there will be a marked reduction in the losses in wheat operations. At one time it looked as if the loss on this year's crop would be between $75 and $100 millions. At present it looks as if there will be loss on this year's crop and a smaller one than anticipated on last year's big carry-over.

It is also possible that savings will be made in other fields of government activity. Relief expenditures may be expected to decline as production expands. The large wheat crop in western Canada should reduce to modest proportions any expenditures which might otherwise have had to be made under the Prairie Farm Assistance Act.

Investment Trusts

	Bid	Asked
Affiliated Fund	3.98	4.21
Can. Inv. Fund	3.95	4.25
Can. Amer. Trust	3.40	3.90
All Can. Trustee	11.25	[illegible]
Grouped Income	...	6.10
Trans Canada	12.30	13.30
Can. Int. Tr., modified	5.00	5.75
Do., unmodified	4.50	5.25

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Sudbury, Ont.	Sept.	Royal Bank	3½%	15-yr. ser.	$180,000	....	....

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Canadian Breweries Series B (additional)	Sept.	....	3½-4½%	serial	$100,000	....	....

"A MILLION DEPOSIT ACCOUNTS . . . A MILLION EXPRESSIONS OF TRUST"

HEAD OFFICE BUILDING

EXPERIENCE . . RESOURCES . . ORGANIZATION . .

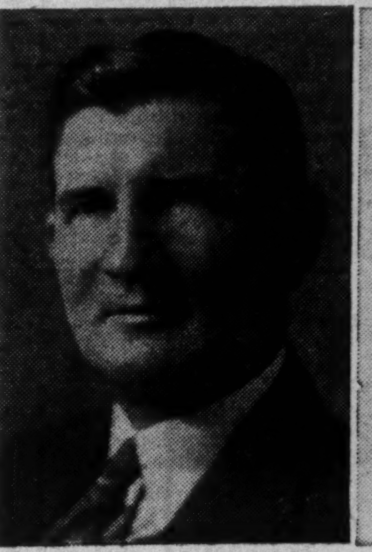
Because of its experience, resources and organization the BANK OF MONTREAL is especially well equipped to give its customers the kind of banking co-operation which means most to their business. You are invited to call and discuss your banking requirements with us.

BANK OF MONTREAL

ESTABLISHED 1817

MODERN, EXPERIENCED BANKING SERVICE . . . *the outcome of 121 years' successful operation*

A70



W. J. BEATTIE

E. C. GILL

CANADA LIFE APPOINTMENTS

W. J. Beattie and E. C. Gill, F.A.S., have been appointed assistant general managers of the Canada Life Assurance Co. Mr. Beattie was formerly with the legal firm of McCarthy and McCarthy. He was appointed executive assistant of the Canada Life in 1935 and last year became assistant to the president. Mr. Gill joined the Canada Life in 1923. In 1927 he was appointed assistant actuary of the company and the next year transferred to the investment department. In 1938 he became treasurer, which position he will continue to hold.

Best Crop Since 1928 Boosts Purchasing Power

Completely overshadowed by the war headlines from Europe is the undisputed fact that western Canada has just harvested the fourth largest wheat crop on record. It is the best yield since 1928. Total for the three prairie provinces alone will run over 425 million bushels, according to the Government estimate this week.

Under war conditions this harvest is expected to add at least $350 millions of new wealth to western Canada in addition to at least $75 millions more from the sale of carry-over from last year. It is confidently anticipated that every single bushel now in or on the way to storage will be needed.

What this means to the growers, the carriers, the elevator companies and other agencies that help to market the wheat directly and to business in general is already indicated by the first fall returns of carloadings. These are already far in excess of a year ago, though the movement of grain to seaboard is only now getting under way.

After almost ten years of abnormally low crop yields and prices, first rehabilitation step of western grain growers is expected to be toward putting their grain growing machine in shape to produce more wheat for a war hungry world next year. Two years ago it was estimated that between $200 and $300 millions of new farm machinery was needed in the West. Some of this deferred buying was made up last fall, much more is expected to be made up this fall and next spring. In other lines of farm equipment, fencing, building, livestock, the need has been just as great.

But direct farm equipment, it is believed, will only get a portion of the new wealth wheat is bringing into Canada in the next few months. A substantial portion is expected to go into ordinary everyday necessities and modest luxuries, like shoes, stockings, cars, furniture, and groceries. A substantial portion, too, is undoubtedly earmarked for mortgage interest and taxes.

SIMPSON'S — The Store for Men

A STEP IN THE RIGHT DIRECTION

Treat yourself to a pair of the celebrated LEE'S English shoes this Fall. You'll appreciate their careful English craftsmanship, distinctive LEE styling and fine English leathers. Sketched below is one of the most popular LEE shoes . . . just perfect for Fall. Black or brown rich calf leathers . . . stout sole with wide extension . . . priced, as are all LEE'S English shoes at SIMPSON'S, at $10. Street Floor

$10

Simpson's

Political Crisis Surmounted As Canada Declares War

Truce Among Divided Liberals Defeats Isolationist Bloc

SEE TROUBLE AHEAD

From Our Own Correspondent

OTTAWA.—Following a brief but sharp political crisis, Canada went to war on Sunday with almost the unanimous approval of the House of Commons.

From the moment Parliament met on Thursday the existence of a crisis was in evidence. The Government's course was none too clear and Premier King's exposition of policy on Friday did little to clarify it.

Saturday morning found the cabinet and those in support of it between two fires. What might be called two extremes of opinion—Quebec isolationists and the more ardent loyalists—were either in revolt or threatening revolt. The isolationists were straining every effort to muster in their initial attack upon the Government a majority of the French-Canadian members.

Had they succeeded, the life of the present administration would inevitably have been dated. Sooner or later, possibly sooner than most expected, the French-Canadian ministers would have been driven from the cabinet and Quebec would have passed into a state of passive resistance, with civil revolt in the background. That was the hope of the isolationists.

Both Sides Restive

The loyalist element in both the Conservative and the Liberal parties was equally restive. They disliked the delay in making a declaration of war. They disliked any disposition by the Government to place bounds upon the contribution this country will make in the war. Their viewpoint found voice in influential papers in the East and no one on Parliament Hill could walk a dozen paces without encountering spokesmen for it.

On Saturday morning there were reported to be five sure isolationists in Quebec, with another 20 wavering and likely to join them. The isolationists hoped by prolonging the debate on the address to snowball their vote to more than 30 members.

It is now apparent that these conflicting forces, beating in upon the Government, forced Premier King's hand. He abandoned his hope of obtaining immediate war supplies from the United States and decided to make a declaration of war forthwith. Rt. Hon. Ernest Lapointe was prepared to meet the challenge from Quebec and apparently realized that no time must be lost.

Lapointe Leads Way

In consequence, Mr. King announced the war procedure on the opening of the house on Saturday. As the debate proceeded, the isolationist leader, Maxime Raymond of Beauharnois-Laprairie, put his case for non-participation and Mr. Lapointe met the attack instantly. Mr. Lapointe's speech is regarded by veterans here as the most effective parliamentary performance Ottawa has known.

The isolationist amendment came forward in due course, but on the division the isolationists, realizing they were beaten, did not even ask for a division. Ligouri Lacombe, Liberal of Laval-Two Mountains, stood up in support of his amendment but sank back in his seat when he saw that no support was forthcoming.

Only J. S. Woodsworth, C. C. F. leader, opposed the vote which sent Canada to war and he did not speak for his party. Mr. Woodsworth is a pacifist; has always been a pacifist and so declared himself in the Great War. He was more honored in Parliament than criticized for the courage with which he faced the issue.

C. C. F. Shattered

In the result, therefore, Canada went to war with an almost unanimous voice, as expressed in the House of Commons. The Quebec isolationists were thoroughly beaten. Quebec followed Lapointe and Lapointe laid down but one qualification to "unlimited participation." It must be voluntary. There must be no conscription. In support of this pledge he called all the leading French-Canadians by name and they responded. Premier King's pledge against conscription will be found, upon close inspection, to apply only to the present administration—which will die with this parliament. No other English-speaking minister made a non-conscription pledge.

The C. C. F. party is not split on the war issue: it is shattered. Mr. Woodsworth was immovable in his pacifism. The party managed to work out a formula of agreement approving of participation in the war only in the economic field. But A. A. Heaps of North Winnipeg promptly bolted his party, refusing to circumscribe Canadian participation in any respect. And it is quite evident that among those who supported the amendment on this line, on Monday, another four or five in reality, are in favor of complete participation. The impact of war on the Socialist party undoubtedly will shatter it beyond restoration.

Later debates showed the Quebec isolationists active in endeavoring to restrict Canada's war effort but meeting with small response. The proof of the pudding in Quebec is that enlistments have been great and are growing in volume daily. Yet this element in Parliament may be counted upon to maintain ceaseless opposition to the Government.

See Cabinet Shake Up

In loyalist quarters—which include both Conservatives and Liberals—the swiftness of the war declaration brought an immediate easing of criticism. But it is clear that this group is far from satisfied that the present government can be relied upon to prosecute war with the vigor they believe the country will demand. These people, unquestionably, would feel happier with Mr. King in retirement and with, say, Hon. J. L. Ralston on the quarterdeck. And it is from this quarter that steady and effective criticism of the cabinet is sure to come. The criticism may be directed here and there, as weaknesses are disclosed, but ultimately it will probably lead to the demand for conscription.

For these reasons it would be wrong to think that having obtained an overwhelming vote of confidence last Saturday, the Government will now have smooth sailing. Far from it. There is a semblance of unity in Parliament, but no reality. At most the Government will have a few months in which to demonstrate the efficiency with which it can summon, organize and direct Canada's war effort. After the present session ends, Parliament will not likely reassemble until February. The accounting will then take place.

Ottawa Plum Crop Wasted With Shelving of Election

OTTAWA.—Outbreak of war has caught the Government with an unprecedented number of important appointments to be made. Vacancies have been piling up for many months, in some cases for years, because it was expected that an election would be held. In such an event many Liberal members would have been given appointments. As it is now, the Government cannot appoint them without opening seats.

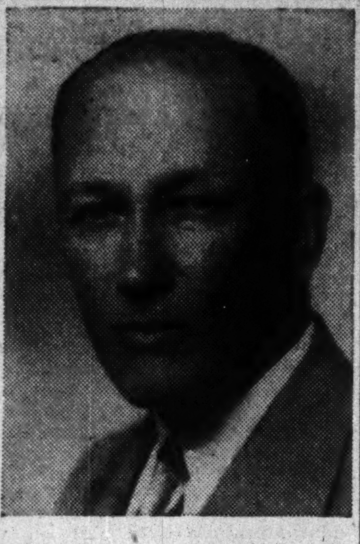
There are 10 Senate vacancies and one of these is likely to be filled to make a vacancy in the Commons for Hon. J. L. Ralston.

There are two deputy ministerships—Fisheries and Justice. It is impossible in the latter vacancy to postpone action in times like these.

Others include:

The chairmanship of the Tariff Board; librarian of parliament; curator of the National Art Gallery; the Penitentiaries Commission; one member of the Board of Transport Commissioners; a King's Printer; and numerous minor offices.

The vacancies which will cause most grief and heart-burning are the senatorships. Most of the seats in the Upper House have been promised to old guard Liberals in the Commons. But to make the appointments would mean the opening of seats and this is hardly possible just now.



NEW VICE-PRESIDENT

Purity Baking Co. announces the appointment of W. E. Gordon, general manager, to be a vice-president of the company.

C.N.R. To Buy New Equipment

Outbreak of War Speeds Up $30 Millions Order

From Our Own Correspondent

MONTREAL.—Provision for the purchase of $30 millions of new equipment by the Canadian National Railways is to be made at the current session of Parliament.

Before the outbreak of war, the C.N.R. board of directors had estimated it would need $15 millions for new equipment next year.

Much of the money is expected to be used to buy freight cars to handle much heavier grain crop this year and larger freight generally as a result of war.

No announcement has been made by the C.P.R. but it is also expected to be in the market for new equipment, especially as it did not order any early this year.

Decision of the C.N.R. to order a large amount of new equipment will mean a larger volume of business for such equipment companies as National Steel Car, Canadian Car and Foundry Co., Eastern Car Co. and Canadian Locomotive Co.

Companies like Robert Mitchell Co., which manufactures railway car fittings; Algoma Steel Corp., which manufactures centre sill zee bars; Dominion Foundries and Steel, which makes car wheels and undercarriage truss work; and Canadian Bronze Co., which makes bearings and bushings, will benefit.

Financial Advertisers Discuss Many Problems

Public relations men from financial institutions all over the North American continent, meeting this week at the 24th annual convention of the Financial Advertisers Association, have been discussing all phases of their work. Schools have been held in salesmanship, in advertising investment and the various activities of banks, trust companies and investment dealers. Discussions have, of course, been from the public relations angle.

In addition there have been on display a number of exhibits of advertising from various institutions in the United States and Canada. This exhibit is always a feature of the meeting.

The Financial Advertisers Association is an international organization having among its members many Canadian organizations and individuals. This is the first time it has held its annual convention in Canada. Three Canadian speakers on the programme were J. E. Hammell, president Pickle Crow Gold Mines, H. Napier Moore, editor Maclean's Magazine and Floyd S. Chalmers, editor The Financial Post.

Canada's Aircraft Firms Assume New Importance

Paul Sise "Expects" That British Government Will Place More Orders — Industry Can Expand Rapidly

From Our Own Correspondent

MONTREAL.—Canada's aircraft industry will play an important part in supplying Britain and her allies with equipment.

When Paul F. Sise, president of Canadian Associated Aircraft, returned from England last week, he said he would not be surprised if Canada's airplane builders were asked to turn out further fighting craft for Great Britain.

That "expectation" was probably based upon an almost certain knowledge that England would rely upon the Dominion to turn out an increasing number of military machines.

But in this instance, as in previous cases, an official veil of secrecy surrounds any arrangement which might have been entered into or even discussed.

It is known that Canadian Associated Aircraft has an order from the British Government for bombers. The actual number has never been officially disclosed but it is said to be in the neighborhood of 100.

The associated manufacturing companies will build various parts of the machine which will be assembled in the plants of CAA now being erected at St. Hubert, P.Q., and Malton, Ont. The latter work will undoubtedly be rushed to completion in view of the developments over the past week.

Then, too, the Canadian Car and Foundry Co. is manufacturing Hawker Hurricane machines on orders direct from the British Government.

In addition three companies are producing machines for the Canadian Government: National Steel Car are building Lysanders; Canadian Vickers Bolingbroke airplanes and Stranraer flying boats; Fleet Aircraft, training machines.

Details Are Secret

Official secrecy as to the details of the new aircraft work for Canadian producers is likely to remain in effect for the duration of the war. Even before the war started, there was a paucity of factual information as to what the Canadian industry could do to manufacture aircraft. Such information was gathered for the Canadian and British Governments, but as far as the public, or shareholders of the companies, are concerned, there is little or no information to go on.

There is nothing upon which to base an estimate of the capacity of the Canadian industry. Nor is there any indication of how soon the Dominion will be in a position to turn out machines in volume.

Last year Canada manufactured 215 machines complete with engines and 67 without engines, for a total of 282 units having a selling value at the works of $4 millions.

In 1937 and 1936 the industry produced 110 and 109 machines, respectively. Only 58 were produced in 1935 and less than 20 in 1934. No production is reported for 1933.

These figures, based on the official returns of the Dominion Bureau of Statistics only show what has been done. They do not give any indication of the capacity of the plants as at present constituted.

It is known that since the beginning of the year capacity has been greatly enlarged.

Further plans are under way or in prospect which will bring about an even greater expansion. As to what will be the ultimate expansion of the industry under wartime conditions, no one can say at this stage.

Cut Off from U.S.

The situation changes from day to day. At this time Britain must depend solely upon the Canadian industry's own ability to manufacture aircraft; in other words, the industry here cannot depend upon assistance from associated companies in the United States.

The U.S. Neutrality Act has effectively cut off the source of supplies in the States. For example, Wright engines or parts cannot be imported into this country from across the line. As for Bristol engines there may be a temporary interruption of deliveries. However, in the case of the Wright engine, as well as other types of engines imported from the States, there is the possibility of an amendment to the neutrality legislation before very long.

The importance of this phase of the aircraft industry is more fully appreciated with a realization that no airplane engines are manufactured in this country.

Last year Canada imported from the United Kingdom 143 engines; from the United States 153.

Eleven Canadian Plants

Practically all of the Canadian aircraft manufacturing companies have affiliations with American companies.

At present there are 11 Canadian firms equipped to manufacture aircraft:

Fairchild Aircraft Ltd., Canadian Vickers, de Havilland Aircraft, Boeing Aircraft of Canada, Montreal Aircraft, Noorduyn Aircraft, Fleet Aircraft, National Steel Car, Canadian Car and Foundry, Ottawa Car and Manufacturing Co., Cub Aircraft.

Last year only eight companies manufactured aircraft.

There is a public investment interest in the majority: Fairchild, Vickers, de Havilland; Montreal Aircraft, Noorduyn, Fleet, National Steel Car, Canadian Car, Ottawa Car and Cub.

The last-named company, which now manufactures a type of small private plane, is in a position to change over to a type required for military purposes. R. L. Gibson, president, officially states that the company has 16 Cub airplanes available, some finished and others in production. Moreover, the company can arrange delivery of 5 airplanes per week within 60 days, and this can be steadily increased thereafter.

Many New Plants

National Steel Car has only recently completed one of the most modern airplane manufacturing plants on the continent at Malton. No particulars are available as to equipment, capacity, etc.

Canadian Car has its plant at Fort William and may equip a plant at Montreal.

Canadian Vickers has a well-established plant in Montreal for the manufacture of various types of equipment. This company has been manufacturing planes for several years.

Fleet Aircraft, at Fort Erie, enlarged its plant in 1936 and again in 1937 and 1939.

Fairchild has a modern plant at Longueuil for the manufacture of various types of equipment. This company holds the Canadian manufacturing rights for the Lockheed machine used by Trans-Canada Air Lines.

de Havilland is associated with the well-known English company of the same name and its plant near Toronto, Ont., is classed as one of the most up to date in the Dominion.

Ottawa Car was making planes in the last war and has kept this division intact since then. The company could readily and quickly swing into capacity operations.

Boeing Aircraft has a modern plant at Vancouver; Noorduyn operates from its plant near Montreal, as does Montreal Aircraft.

Potentially Important

The most important companies in the Canadian field are those associated with CAA in handling the British order for bombing machines. They include: National Steel Car, Canadian Car, Ottawa Car, Canadian Vickers, Fleet Aircraft, Fairchild. It should be mentioned, in this connection, that the de Havilland company shares in the orders received by the parent company from the British Government.

At this stage the Canadian aircraft industry is not an important producer of aircraft, but the groundwork has been laid and is rapidly coming to the point where production can be greatly increased. What the present capacity of the industry is and what plans have been made for further expansion to meet wartime conditions continue an official secret, but the indications are that very shortly Canadian aircraft production will become an important factor in supplying Britain's requirements.

Saint John Tonnage Higher Last Month

From Our Own Correspondent

MONTREAL. — Cargo tonnage handled by Port of Saint John in August amounted to 115,997 tons, an increase of 3,617 tons over the same month last year. Inward tonnage was down 10,000, outward up almost 14,000.

Total tonnage passing through in the first eight months of the year shows a reduction of 101,448 tons from the same period last year.

Quebec Bond Maturity Paid Out of Revenue Fund

From Our Own Correspondent

MONTREAL.—Quebec's $10 million maturity on Sept. 1 was met with cash from the consolidated revenue fund of the province, according to an announcement by Hon. Martin B. Fisher, provincial treasurer.

Present indications are that the province is reverting to payment of direct relief as an unemployment aid.

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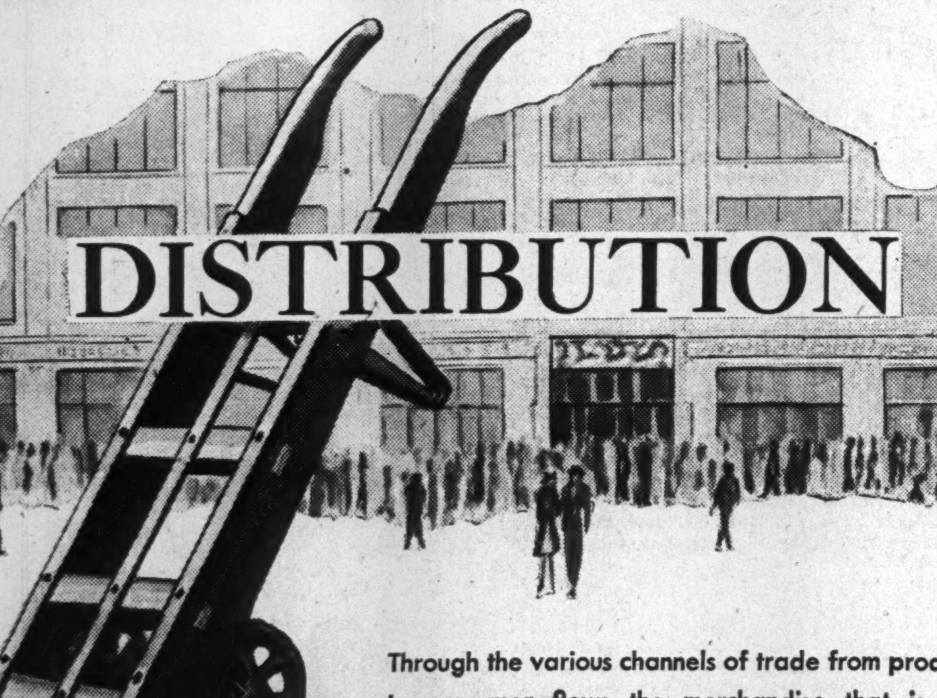

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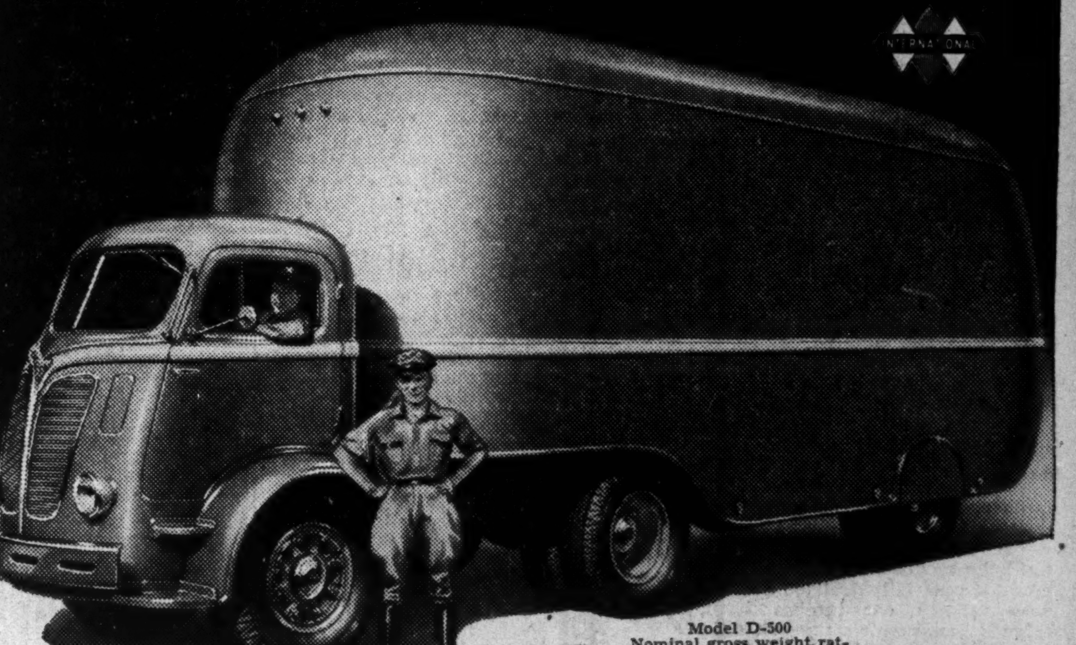

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INTERNATIONAL TRUCKS

Investment Trends

Stocks Continue Moves To Appraise War Effect

Evidence of Close Control of Profits Strengthens While Rapidity of Advance Suggests Some Slowing Down or Even Reaction

Stock markets everywhere are still adjusting themselves to the new set of conditions prevailing. Canadian markets turned indecisive following the post-Labor Day jump but their hesitation was not shared by New York. The difference seems to lie largely in the closer and more serious effect of being actually engaged in a war and being on the sidelines with an apparent industrial boom in sight.

If stock markets follow precedent, as they have a way of doing even under wartime conditions, it would be reasonable to expect some reaction before long following such marked advances as have been witnessed. New York, for example, had scarcely hesitated to Sept. 12 in its sweeping rise from a level of 134.41, as measured by the Dow-Jones industrial average, to 155.92 at the close on Sept. 12. This represents a composite gain of 21.51 points.

One thing to keep in mind is the power of rumors to bring about reversals of direction. Under the close censorship being maintained in European operations, it would be easy for rumors of an early peace to get started. Or reports of losses could be circulated. No prolonged war, such as this one promises to be, ever goes straight ahead in favor of one side.

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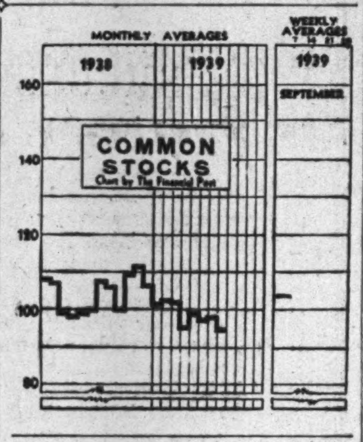
Catching Up

The activity that has been evidenced in some markets in recent days seems to reflect moves to catch up with a realistic appraisal of business as much as anything. Take the matter of rises in commodity prices as an example. For a long time, retailers, manufacturers and consumers have been buying only as they had to have goods. They feared something perhaps even lower prices than the unusually low levels prevailing. But the outbreak of war has changed this. The widespread belief in war as a cause of higher commodity prices has brought a return to larger inventory stocks. If the corner grocer, for example, decides to keep 1,000 lb. of sugar on hand instead of 200 lb., that means an immediately accelerated demand. When this is multiplied by the thousands of consumers taking similar action, it seems that we may have an explanation for much of the early price rise that had a great deal to do with higher stock prices.



But this type of buying must lead to one of three things. In the first place there may be a slackening in demand, particularly for consumers' goods, after the initial stocking up has ended. Or forward buying can continue in advance of actual consumption with its inevitable break in prices. Finally, and this seems most likely, there can be a general stepping up of industrial activity, as this country gears its plant and equipment to the needs of fighting and winning a war, to justify further rises.

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Regulations

The commodity price rise, and therefore the prospects of profits for some companies, has been slowed up by early steps to control prices. Great Britain has set a price for copper that means even lower net prices for Canadian producers. Sugar quotas have been lifted in the U. S. with consequent price control. Altogether, it seems quite possible that immediate further price rises may be slower.

At the same time, the Government has given plenty of hints that there are not going to be many instances of huge earnings during wartimes. Details of any extra taxation are not yet available but the announcement has been made that a pay-as-you-go policy is to be followed so far as possible.

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Restrictions Lifted

There are many contrasts in stock market behavior this time and following the 1914 outbreak. This time there was no closing of stock exchanges on this continent. The London Exchange closed from Friday to Thursday only. At the outbreak of the last Great War, all exchanges closed following panic conditions and remained closed for considerable periods.

Even when the exchanges in Canada, the United States and Great Britain reopened a few weeks after the outbreak of war in 1914, price restrictions were enforced for varying periods which in some cases lasted for several months. This time there were no restrictions placed on the New York exchange. In Canada, the few days preceding actual outbreak of war, saw both Montreal and Toronto exchange officials placing a ban on short selling. This ban was lifted in so far as stocks listed on Canadian and New York exchanges within a few days and even the remaining restrictions removed Sept. 7.

Market Opinions

Students of the stock market, at least in the United States, apparently see a lengthy period of prosperity for industry in that country. While admitting the possibility of irregular price movements, the consensus seems to point toward still greater recovery.

Baron's, New York (The Trader)—"Jump in forward orders in the textile, steel, paper and electric equipment industries has been extremely sharp. Coming on top of the buying wave of last spring, the new stimuli can mean only still further gains in production this autumn, which, in turn, should mean that business activity, now only a hair under the high of early August, is headed for new peaks. Yet the stock market, as measured by the industrial share average, is still several points below the high of the year set up in January. Reactions and cross currents there may be from various forms of war control or from overspeculation, but until the record-breaking supply of credit is materially depleted, or business activity over-reaches itself, there is no reason to assume an early culmination of the bull market that has entered a new stage."

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Brookmire Counsellor, New York—"The rewards for preparing for any eventuality and courageously adhering to sound judgment in a crisis have already become visible in tangible form. Not only has the stock market turned vigorously upward when the scales were finally tipped over to war, but in addition the dynamic type of stocks have been far in the forefront. Fluctuations may continue erratic, because of both corrective market reasons and of news concerning war progress or any peace prospects, but basically the stock market points upward. Positions should be maintained fully invested, and emphasis should be continued on war-inflation-recovery type of stocks."

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The Annalist, New York — "It seemed reasonable to many observers that stock prices would decline for a time following the outbreak of a general European war. It is, however, consistent with the Wall Street tradition that a decline discounting a piece of bad news usually ends with the publication of the news. At any rate, traders and investors have regarded the situation as favorable to the outlook for types of companies that might supply war materials which would benefit from a substantial rise in the general price level."

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The Financial World, New York—"Despite the vigorous price rise already registered, and the possibility that the market may have shortly to experience some degree of technical adjustment, all present indications are that the longer term upward trend for selected stocks has been resumed, and that before the inevitable deflation it will carry further than had previously seemed likely."

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The Magazine of Wall Street, New York — "The general market trend can only be interpreted as up, subject to marked selectivity; it will not be surprising if those who wait to buy on reaction lose more than they gain by waiting; and the question of when and at what levels speculation will be dangerously overdone is premature. It must not be forgotten that, unlike 1914, the economic-financial factors in the United States were strongly bullish and business activity was pointing steadily up throughout recent months during which European uncertainties retarded the market and inhibited investments and speculative psychology.

". . . There is room for substantial advance merely in adjusting the market level to the existing realities of business volume and earning power and the sudden psychological relief from months of doubt and tension—even though it has taken the deplorable form of war—may speed this process."

Inter-State Royalty Group Defers Dividend Action

From Our Own Correspondent

MONTREAL.—Inter-State Royalty Corp. and Second Inter-State Royalty Corp. advise the Montreal Curb Market that any further action with regard to dividends on the stock of the two companies has been deferred until the end of the year. In each case it was stated that the action had been taken by the board of directors "on account of the uncertainties created by the present international situation and the effect which it may have on the affairs of the company."

Kelvinator Declares 50c a Share on Common

Kelvinator of Canada, Ltd., has declared an interim dividend on its common stock of 50 cents a share, payable Sept. 28, 1939, to shareholders of record Sept. 18. A year ago, Kelvinator paid 75 cents a share out of earnings for the year ended Sept. 30, 1938. The company reports substantially higher orders in the first eight months of the current year.

Walkers Ready Switch Plants For War Uses

Plants Continue Operations But Could Shift to Alcohol

USED IN EXPLOSIVES

Officials of Hiram Walker-Gooderham & Worts, Ltd., report that so far there has been no interference with the regular operations of the company's huge new distillery in Scotland. This plant is operating at capacity, distilling for beverage purposes and it is expected that this type of operation will continue for some time.

The plant is modern and efficient. It could readily be switched over to the production of specially denatured alcohole for the manufacture of cordite, smokeless powder and other explosives. These require large quantities of alcohol for their production.

In May, 1938, Hiram Walker & Sons (Scotland) Ltd., a wholly owned subsidiary of the Canadian company, completed a new Scotch grain distillery at Dumbarton, Scotland.

No word has yet been received by the company of any need for turning this plant to war production but it is pointed out that this distillery is on the west coast of Scotland whereas most other distilleries are on the east coast. This may give some added measure of protection.

Alcohols used in manufacture of munitions are made from molasses whereas beverage alcohols are made from grains.

Corbyville Plant Ready

The matter of wartime production of alcohols is also one of interest to Hiram Walker because of the Corbyville plant of Canadian Industrial Alcohol Co. During the last war, this plant operated full capacity on war needs. The plant, which is now controlled by Hiram Walker, has been practically idle for some time past. It is stated, however, that it has been maintained ready to operate at full capacity on short notice.

The company has taken advantage of recently prevailing low prices for molasses to lay in a year's supply from the British West Indies. It has advised the Canadian Government that its Corbyville plant is available for production of alcohol but so far has not received any definite orders.

In the United States, it is said that Hiram Walker's plants are not so advantageously situated for use in war needs. But the company, like other U. S. distilling concerns, has been able to build up large stocks of maturing liquors made from unusually low-cost grain.

War Outlook Questioned

Outlook for liquor stocks during war periods apparently is not as well regarded by investors as many other groups. Apparently this is based on several assumptions. Liquor is regarded as a likely source of higher tax revenues. This could easily have the effect of reducing consumption if carried too far. Then war sentiment in 1914 and the next few years gave rise to strong prohibition sentiments which resulted in making sale of alcoholic beverages illegal in Canada and the United States. While there is little evidence of this occurring again, there has been too short a period to arrive at any reasonable judgment.

Also worthy of mention is the fact that grain supplies will likely become more costly. In the case of distilleries in Great Britain, necessity of conserving supplies of grain might influence the Government to place restrictions on use of available supplies for producing alcohol for beverage purposes.

It should be pointed out that by far the larger portion of the business of Hiram Walker-Gooderham & Worts is done in the United States and that country is not engaged in the war. On the other hand, signs are apparent that the U. S. may be facing a new period of prosperity.

Pulp and Paper Industry

Broaden Newsprint Markets

European Countries Face Many Difficulties in Maintaining Regular Supplies

MONTREAL.—Those interested in the Canadian newsprint industry are taking it pretty much for granted that the mills will receive considerably more business from the United States as a result of the war conditions in Europe and the disruption of regular shipping services.

Germany unquestionably is out of the North and South American markets; in fact, it is to all intents and purposes out of the world market. The Scandinavian countries are in a somewhat different position. They are able to supply newsprint, but the costliness and difficulty in shipping make it almost a foregone conclusion that the Scandinavian countries will lose most of their overseas markets. That is where Canada comes in.

Central and South America last year bought 210,000 tons of European paper; a great deal more than they bought from Canada.

The amount of newsprint exported by the four European countries to the North and South American markets last year is set out in the following tables:

European Newsprint Shipments to United States in 1938

Country	Tons
Germany	10,000
Finland	151,000
Sweden	62,000
Norway	13,000
Total	236,000

European Newsprint Shipments to Central and South America in 1938

Country	Tons
Germany	36,000
Finland	69,000
Sweden	49,000
Norway	56,000
Total	210,000

Other Markets to Consider

Again consideration must be given to other markets supplied by the European countries. Outside of the United States, Europe, England and South America, Germany, last year, shipped 25,000 tons of paper.

Last year Finland supplied England with 100,000 tons of paper and shipped another 21,000 tons to South Africa, Asia and Australasia.

Sweden shipped nearly 50,000 tons to Central and South America; 23,000 to England; 30,000 tons to European markets and 12,000 tons elsewhere, exclusive of the American market.

Norway is heavily interested in the South American market and Asia, shipping 28,000 tons to the latter market in 1938.

Markets in the Balance

The markets of the four countries for 1938 are set out in the following tables:

German Newsprint Exports in 1938

To:	Tons
United States	10,000
Central and South America	36,000
England	1,000
Europe	29,000
South Africa	1,000
Asia	23,000
Australasia	1,000
Total	101,000

Finland Newsprint Exports in 1938

To:	Tons
United States	151,000
South America	69,000
England	100,000
Europe	63,000
Egypt	5,000
Asia	10,000
Australasia	6,000
Total	404,000

Swedish Newsprint Exports in 1938

To:	Tons
United States	62,000
Mexico	9,000
South America	40,000
England	23,000
Europe	30,000
Africa	6,000
Asia	6,000
Total	176,000

Norway's Newsprint Exports in 1938

To:	Tons
United States	13,000
South America	56,000
England	20,000
Europe	44,000
Africa	4,000
Asia	28,000
Australia	1,000
Total	166,000

In any estimate of what additional business may accrue to Canadian mills, it must not be forgotten that restrictions may be imposed by the various governments on the size of newspapers as has happened already in England. While such restriction is unlikely in the United States or the South American countries, this factor should be borne in mind. It may, and probably will, have a tendency to keep down the expected rate of increase. Still demand, especially from the States and South American countries, should rise appreciably in the months ahead.

All Will Share

What newsprint companies stand to benefit most by the changed conditions? The policy of prorating tonnage continues and will likely continue for some time. When the time comes that the mills are operating at capacity or are unable to meet demand (a most unlikely situation unless there is an abnormally increased demand beyond anything that can be foreseen at this time) the need for prorating would go by the boards. But for the time being the increased business will be distributed among the companies on an agreed basis so that they will all share in the benefits.

Factors to Watch

All the investor can be sure of at this stage is the reasonable certainty of an increased demand and higher operating ratios. The price of newsprint for 1940 delivery will not be fixed until later in the year. Until there is some definite indication of how the increased demand is shaping up and what the price is likely to be on next year's deliveries, the only basis on which the investor can work is a purely hypothetical one, but, even at that, it is a promising one.

Investment Notes

C.P.R. — Strength in the ordinary shares not only reflects the general improvement in the market, but the prospect of a much larger grain movement from the prairies. Moreover, wartime movement of supplies is expected to increase freight movement.

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General Steel Wares.—Unconfirmed reports are going the rounds that the company has already received substantial war orders from the British Government. The company is in a position to undertake the immediate manufacture of a wide variety of goods needed.

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Dosco—Still regarded as one of the more attractive speculative stocks. No official word as to war orders, but indications are that all the company's productive facilities will be utilized to the fullest extent.

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National Steel Car—Has not scored as much an advance as might have been expected. This company should experience a very marked increase in business in view of its ability to turn out munitions, aircraft, etc., all products which are vitally needed at this time.

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Price Bros.—Common stock is regarded as one of the best bets among the junior newsprint securities. With the broadening of market and possible price increases as costs go up, the company should be able to add to common share earnings.

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Hamilton Bridge—No explanation for the wide discrepancy in the price of the old preferred and common stocks. Under the reorganization plan preferred is worth 40 times as much as the common, yet the present ratio is about 16 to 1.

Pulp and Paper Securities Lead Upward Parade

From Our Own Correspondent

MONTREAL. — Pulp and paper securities have led the parade of spectacular price advances over the past 10 days. The volume of trading has been quite unusual. For example, last week, over 96,000 shares of Consolidated Paper common were traded on the Montreal market. While other stocks were not quite so active, the trading was far greater than anything that had been recorded in many months.

The rapidity with which values moved up and the widespread public interest in pulp and paper group has tended to overshadow actually what did happen. The gains have not always been spectacular. It is true that prices have stiffened up very considerably and in nearly every instance have advanced, but the gains have not all been spectacular.

Double in Value

An examination of the trading in the pulp and paper securities over the past 10 days shows that the wide advances have been scored in the more speculative issues; those that have been selling at a very heavy discount or for a few dollars a share. This statement applies more particularly to bonds. Among the preferred and common stocks the gains, on a percentage basis, have ranged to over 100%; the average for the more actively traded issues being around that level.

Judging by the trend in both stocks and bonds it would appear that speculative buying has been more pronounced in the junior securities. Some quite large gains have been recorded in Abitibi, Brown, Consolidated Paper and M. & O. bonds, but the others have not, on the average, done anything spectacular. It is true that all issues advanced, but the enhanced value was not any more than would be expected in the face of the improved outlook for the industry.

Big Paper Profits

What has happened in stocks over the past 10 days is set out in the following table:

	Sept. 1 Low	Sept. 11	Net Gain
Abitibi	¾	3	2¼
Do., pfd.	4⅝	12	7⅜
Bathurst, A	5	9	4
Do., B	1½	4	3½
Cons. Paper	3⅜	7⅞	4⅜
Fraser	6½	15⅝	9⅛
Lake St. John	7	17	10
Price Bros.	7¾	17½	9¾
St. Law. Corp.	2	5¾	3¾
Do., pfd.	7½	14½	7
St. Law. Paper, pf.	21	40	19

It will be noted that there is little to choose between the more active stocks listed, at least as far as percentage gains are concerned.

Speculative Bonds Favored

The bond list is of more interest. Of the 9 actively traded bonds, the gains ranged from 5, in the case of Fraser 6/50, to 21¼ for Abtibi 5's. It will be noted in the following list that aside from the four speculative bonds, the gains were not especially notable. At the same time the discount on the other five bonds was not particularly great, except for B. C. Pulp 6's which were selling at less than half of their par value.

	Sept. 1	Sept. 11	Net Gain
Abitibi, 5/53	37	58¼	21¼
B. C. Pulp, 6/50	48	54	6
Brown, 5½/46	23½	43½	20
C. I. P., 6/49	84½	90	5½
Cons. Paper, 5½/61	31½	51	19½
Fraser, 6/50	88	93	5
Great Lakes, 5/55	76	83	7
Lake St. J'n, 5½/67	68	77	9
M. & O., 6/45	20	35½	15½

At the time of writing there was no slowing down of interest in the pulp and paper securities. The volume was well maintained and advances were being made, though on a more moderate basis.

Time for Care

There is plenty of evidence of profit taking; but the demand has been so great that the market has taken the offerings in its stride. Naturally there is a limit to how far the market will go, unless the speculative buying gets out of hand. The values already placed on some of the junior securities appear to be discounting the expected improvement for some time to come. There is no doubt of the changed and better position of the industry, but it will necessarily take some time before these anticipated improvements are translated into dollars and cents on the income account.

Pulp and Paper Users Watchful

Americans Look for Adjustment of Prices as Costs Rise

From Our Own Correspondent

MONTREAL. — United States paper and pulp users are not so much concerned as to the availability of supplies as to the extent which costs will rise. Already the Newsprint Association of Canada has issued a statement that there will be no profiteering. At the same time it is recognized that as costs go up, prices must be adjusted accordingly. This applies to pulp as well as to paper supplies.

So far the paper industry in the United States has not attempted any profiteering. Prices have held firm. This condition is not expected to last very long in view of the dependency of the country upon outside sources of supply. However, there is a tendency to hold off, waiting further developments or at least until such time as it is possible to appraise more accurately the situation.

Adjust Pulp Prices

Importers of pulp seem to agree that increased freight and insurance will raise the cost of bringing pulp to the United States by about $6 a ton. However, quotations have been withdrawn, and all distress pulp which was offered on the market at low prices has disappeared.

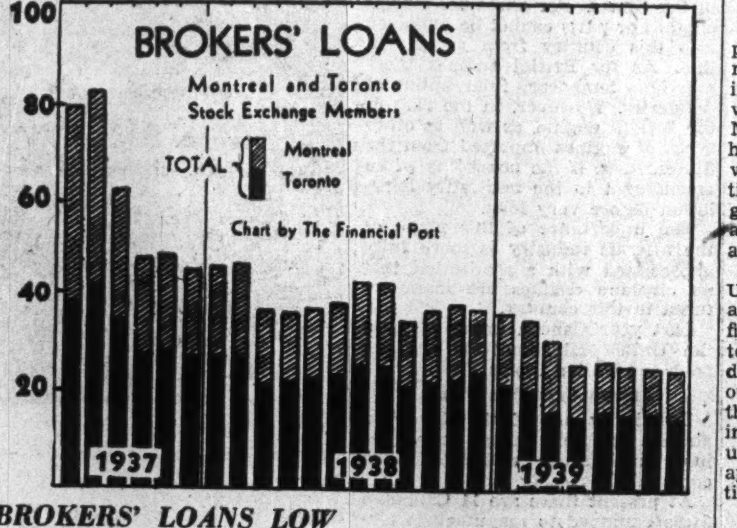
There have been reports that some Swedish mills have closed down, but this is denied by a large importer. It is felt in some quarters that it will be at least a week before it will be possible to get a clear picture of the market situation.

How important a supply of pulp from Sweden, Norway and Finland is to the United States and to the paper industry of the world is shown in the fact that out of total world production of pulp in 1937 of 26,121,000 tons, those three countries exported to other nations a total of 5,157,428 tons, or 19.8%. On many types of pulp the United States was the principal importer.

U. S. Cellulose Acetate Output Higher This Year

From Our Own Correspondent

MONTREAL. — Cellulose acetate production in the United States, in the form of sheets, rods, tubes, amounted to 561,082 lb. in July. This compares with 446,093 lb. in the previous month and 658,250 lb. in July, 1938.



BROKERS' LOANS LOW

The end of August saw collateral loans of members of the Montreal and Toronto Stock Exchanges again lower. There was a negligible increase of $4,000 in loans of brokers in Montreal but this was more than offset by the drop in Toronto. The August total appears to have set a new low record since complete figures have been collected, indicating the deflated state of the stock market prior to the outbreak of war.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-38:*												
High	432.5	113.4	273.4	423.5	112.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1939:												
Jan.	129.4	16.9	79.1	173.5	52.9	172.9	126.9	133.3	57.5	85.2	42.7	102.9
Feb.	129.4	16.4	77.6	175.9	54.3	175.3	130.4	133.6	58.2	85.3	42.9	104.1
Mar.	126.6	15.1	79.8	173.8	57.2	172.5	127.6	132.9	62.0	85.1	44.4	103.7
Apr.	111.1	11.5	71.4	162.9	53.1	169.2	116.9	119.3	58.9	83.7	41.9	96.2
May	112.5	12.0	78.9	170.2	55.0	176.3	120.4	124.6	60.8	84.7	43.2	99.2
June	114.2	12.4	77.4	153.2	56.2	179.2	124.7	128.8	60.8	85.0	43.7	97.0
July	118.0	12.7	75.0	154.0	59.8	182.1	124.8	129.5	59.2	85.0	42.7	97.3
Aug.	108.6	11.1	76.0	147.9	60.1	180.3	117.7	121.6	56.8	84.3	40.9	94.2
Weekly Figures:												
Sept. 7	125.5	15.6	92.7	161.6	64.0	179.4	107.7	135.6	53.5	81.1	41.0	102.3

*High and low for year from 1929 to 1938 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Sept. 12	119.45	106.57	93.76	28.48
Sept. 11	117.21	100.35	90.75	28.38
Sept. 9	116.37	102.39	92.59	28.56
Sept. 8	116.06	102.42	90.38	28.67
Sept. 7	116.47	104.97	97.81	29.18
Sept. 6	117.02	106.75	101.00	29.17
Month ago	112.47	121.39	89.75	27.34
Year ago	110.28	112.51	83.01	29.00
High, 1939	125.92	128.95	104.12	43.00
Low, 1939	97.75	100.35	79.59	21.07

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Cbd.	10 Pprs.	15 Golds
Sept. 12	59.0	87.2	77.8	120.98	91.99
Sept. 11	59.0	85.4	76.6	122.55	88.66
Sept. 9	59.9	83.1	75.4	119.13	91.53
Sept. 8	59.6	81.4	74.1	113.35	94.18
Sept. 7	58.8	81.0	73.6	107.87	95.73
Sept. 6	59.0	80.0	73.0	93.35	98.33
Month ago	66.5	71.8	70.0	70.77	110.71
Year ago	62.2	72.3	68.9	88.35	121.91
High, 1939	70.1	85.4	79.1	122.55	126.40
Low, 1939	58.8	63.2	62.7	50.78	88.66

August Sales Up Moderately

Entirely New Situation Not Yet Reflected in Figures

From Our Own Correspondent

MONTREAL.—Newsprint returns for August do not reflect the war situation nor the very heavy increase in consumption, particularly among American papers. Production in Canadian mills last month, according to the News Print Service Bureau, totalled 236,975 tons, a gain of 16,672, or 7.6% over the corresponding month last year. As compared with the previous month, there was an actual falling off in the operating ratio, which was 63% as against 65.3% in July.

Canadian shipments in August, said the Newsprint Association of Canada, amounted to 224,367 tons, an increase of 19,299 tons, or 9.6% over August, 1938. Shipments to American customers accounted for approximately 6,500 tons, which is an increase, while overseas markets absorbed 11,600 tons odd of the balance.

Picture Has Changed

Since the beginning of the month there has been a marked change in the situation. Consumption of newsprint by American publishers has been considerably larger. It remains to be seen whether or not this will be reflected in the Canadian returns. Indications are that the American market has not yet started to show a greater dependence upon the Canadian supply, but this is expected to be more pronounced as time goes by.

Three Well Secured Bonds

As a result of recent world developments, high grade Canadian corporation bonds may be purchased at more attractive prices than have prevailed for several years, thereby affording an excellent opportunity to those with funds for investment. Following are suggestions:

Security	Rate %	Due	Price*	Yield %
Simpsons, Limited	4¼	1951	96.00	4.70
Massey-Harris Company, Limited	4¼	1954	92.35	5.00
Dominion Steel & Coal Corp. Ltd.†	6¼	1955	110.00	5.31

*And accrued interest.
†Convertible into common shares.

Mail enquiries receive prompt attention.

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High Grade Bleached Sulphite Pulp

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Bond Markets

High Grades' Decline Halted After War Skid

D. B. S. Index Down 7.3 From Corresponding Week Last Year to 110.1, While Yields Rise Substantially

Investors this week looked upon a bond market that had undergone the ordeal of the outbreak of a world war of unpredictable dimensions. Whatever theories investors held as to what would happen to bond prices, they have now been tested by the stern realties of a long-dreaded event.

The first attack on bond markets may be regarded as over, but the apparent stabilizing of high grade prices during the week may be only a pause to appraise the possible course of future developments.

The threat and actual outbreak of war have found high grade prices vulnerable, an event long expected by investors. Most surprising feature of the decline was its orderliness. Because of severity of the decline there has been little interest in the market.

* * *

Index Drops

The Dominion Bureau of Statistics index of Dominion long-term bonds, reveals the extent of the drop in government obligations during the period immediately preceding war and the following period. The weekly index fell from 113.5 to 110.1 in the week ended Sept. 7. This was 7.3 below the corresponding week last year.

Yields have risen substantially on all government issues. Below is a tabulation of yield on Canadian government bonds on Aug. 12 and Sept. 12 to illustrate the increase in yields:

Government Bond Yields

	Sept. 12 %	Aug. 12 %
Dom., 3/53	3.64	3.01
Dom. 3¼/48	3.75	2.85
C. N. R., 3/48	3.76	2.94
N. B., 4/45	4.43	3.20
N. S., 3½/50	3.95	3.26
Ont., 3¼/49	3.85	2.91
Que., 3/51	4.29	3.30
B. C., 4/37	4.82	3.90
Man., 4/57	5.77	4.87
Sask., 4½/60	7.70	6.88

* * *

Government Policy

Recently there has been a little more interest in the market. It is believed that there has not been any large-scale liquidation of holdings.

The policy of the Dominion Government in raising funds for war expenditures will have a vital bearing on prices. As much of the funds as possible is apparently being raised by taxation and as little as possible by borrowing. It is doubtful whether the market would be able to stand large loans at the present time.

Moreover there are three Dominion issues maturing this autumn. There is one issue of $47.3 millions maturing on Oct. 15; another on the same date of $7.9 millions and $20 millions on Nov. 15. These will in all probability be refunded.

* * *

Speculative Bonds Active

Corporation bond issues were much more active than government obligations and the more speculative issues continued to move actively. Some, such as Abitibi and other paper bonds registered large gains. Steel bonds and the bonds of other organizations which will be engaged in meeting war demands were in good demand.

* * *

Provincial Revenues

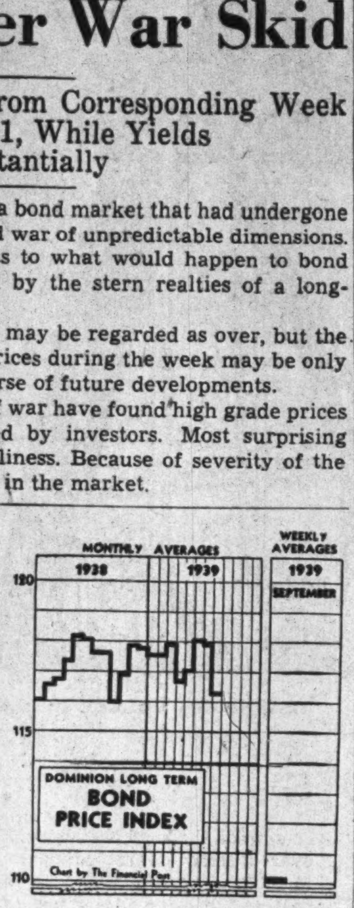
The Dominion Government's war-time budget is expected by Premier Mitchell F. Hepburn, of Ontario, to create "a tremendous fall in provincial revenue." This was predicted by the Premier because of the increase in income tax.

The province has not yet decided what steps it will take to offset this loss, it was reported, and no definite action will be taken until the special session, which is scheduled for Sept. 19.

* * *

Financing Higher

Both government and municipal financing and corporation bond financing during the eight months



ended Aug. 31 exceeded the corresponding period of the previous year. In a compilation by Wood, Gundy & Co., corporation financing during this period is shown at $226.6 millions, the largest total for the period since 1929, and exceeding the former post-depression high level for the period, reached in 1936, of $203.7 millions.

The government and municipal section financing during the eight months period totalled $351.8 millions, exclusive of treasury bills, which compares with $310.5 millions in 1938.

Despite the unsettlement of the bond market in August, new Canadian Government and municipal financing totalled $31.9 millions, which is substantially more than similar financing in the preceding three years.

Following is the compilation of financing during the eight months period, prepared by Wood, Gundy & Co.

Govt. & Munic. to Aug. 31:	1939 $	1938 $
Dom. govt.	204,500,000	238,491,666
Prov. dir. & gtd.	124,337,500	52,565,000
Ont. munic.	6,666,832	3,925,875
Que. & Mar. mun.	16,041,300	14,065,550
Western munic.	208,000	1,411,991
	*351,735,632	*310,460,082
Corporation To Aug. 31:		
Public utility	160,166,000	20,450,000
Railway	6,500,000	11,880,000
Indus. & misc.	59,963,500	20,280,500
	226,629,500	52,610,500

*Exclusive of Dominion treasury bills.

* * *

Bond Index

DOMINION OF CANADA Long-term Bond Index

	Latest week Sept. 1-7	Preceding week Aug. 25-31	Weekly average year ago
Price	110.1	113.5	117.4
Yield	74.3	68.0	63.2

J. B. Richardson Elected To Montreal Markets

From Our Own Correspondent

MONTREAL.—John B. Richardson, senior partner in James Richardson & Sons, Winnipeg, has been elected a member of both the Montreal Stock Exchange and the Montreal Curb Market. Mr. Richardson succeeds his cousin, the late James A. Richardson, as member of the two exchanges. The partners in James Richardson & Sons are now John B. Richardson and Geo. W Hutchins.

Blue Ribbon Earnings Improve in Two Months

Volume and earnings of Blue Ribbon Corp. in the first two months of the current year improved over the same period in the previous year, J. M. O'Grady, president, told shareholders at the annual meeting.

In the year ended June 30, net profit amounted to $119,668, compared with $67,211 in the preceding year, equivalent to $4.01.

Future prospects are unsettled because of European developments, it is stated.

Shawinigan Sees Demand for Power

From Our Own Correspondent

MONTREAL. — Shawinigan Water & Power Co. anticipates a substantial increase in its primary power load. The company serves a large proportion of the newsprint industry which expects a healthy increase in demand for its product in the months immediately ahead. While most of the companies have sufficient motive power under contract, Shawinigan expects to benefit from the sale of steam power.

Sales of energy to other industries throughout the territory also are expected to increase. These include asbestos, textiles, electrochemical and heavy industries.

Anglo-Dutch Sugar Is Incorporated

Provisional Directors Are Members of Toronto Law Firm

From Our Own Correspondent

MONTREAL.—Incorporation under the Dominion Companies Act of the Anglo-Dutch Sugar Refining Co., which has made an offer to purchase Acadia Sugar Refining Co., is announced in the Canada Gazette.

Authorized capital of the company is 200,000 class A shares, par value $50 each, and 200,000 class B shares, no par value. The class B shares may be allotted for such consideration as directors may determine, not exceeding, however, $1 a share. Head office of the company is to be in Halifax.

The incorporation notice gives no clue as to the identity of the interests behind the Anglo-Dutch Sugar Refining Co.. The company was incorporated by a Toronto law firm. Provisional directors are H. B. Bell, J. S. McLaughlin, J. L. Pond and J. D. F. Ross, Toronto lawyers; and Florence Peacock, Sylvia Taylor and Dorothy Kottmeir, stenographers.

The purchase offer has been approved by both directors and shareholders of Acadia Sugar, but final acceptance depends on action taken by shareholders at a meeting on Sept. 13.

The consideration offered for the preferred and common shares of Acadia Sugar is $1.5 million in cash and $1.5 million of 6% debentures.

Can. Colonial Airways Traffic Gains Sharply

From Our Own Correspondent

MONTREAL.—Canadian Colonial Airways report passenger traffic reached a new high level in August, the total for the month alone being practically equal to that for the entire first eight months of last year.

During August the company carried 2,263 paid passengers on the New York-Montreal-Burlington run, against only 636 for the same month of last year.

Total for the first eight months of 1939 was 8,264 paying passengers, compared with 2,269 for the like period of last year.

Canadian Celanese on Toronto Exchange List

Common and preferred shares of Canadian Celanese, Ltd., were posted for trading on the Toronto Stock Exchange on Sept. 12, 1939. The listing covers 260,409 outstanding common shares and 100,000 6% cumulative participating preferred shares

Inter. Bronze Profits Up 25%

Chairman Reports Wide Expansion in Firm's Business

From Our Own Correspondent

MONTREAL.—Earnings of International Bronze Powders for the first six months of the current fiscal year were approximately 25% better than those for the same period of 1938. Prospects for the final six months indicate that this increase will be maintained, according to a statement issued by David A. Buckley, Jr., chairman of the board, who has just returned from his annual European visit to factories and sales agencies abroad.

Output of the subsidiary plants of the company in England has been completely sold for the balance of the year. Other foreign markets have increased substantially on account of special supplies to meet increasing trade requirements, and also because of the withdrawal of German competitors from the market.

Valleyfield Plant Active

"The plants of the Canadian Bronze Powder Works at Valleyfield," said Mr. Buckley, "have been placed upon a 24-hour six-day a week schedule, and to meet immediate demands a new building for aluminum powder production is being erected at Valleyfield. This will be the third new building constructed at the Valleyfield plant this year, and rounds out a construction programme which will double the aluminum powder capacity of the plant.

"During the trip we arranged for the consolidation of selling agencies in London, and increased warehouse facilities in both London and Liverpool. Special agents have been appointed in Australia, South Africa and Rio de Janeiro for the sale of the company's products in those territories. The Canadian Bronze Powder Works buys practically all its raw materials in Canada, fabricating them and shipping them all over the world.

No War Demands

"It is interesting to note," stated Mr. Buckley, "that none of this increased business now being experienced in the Canadian and American plants is as yet attributable to war demands, but as was pointed out in our last annual report to shareholders, in the event that a widespread war condition should develop, the products and machine shops of the company are of a type which would be in considerable demand."

Quebec Board Applies For Default on Parish

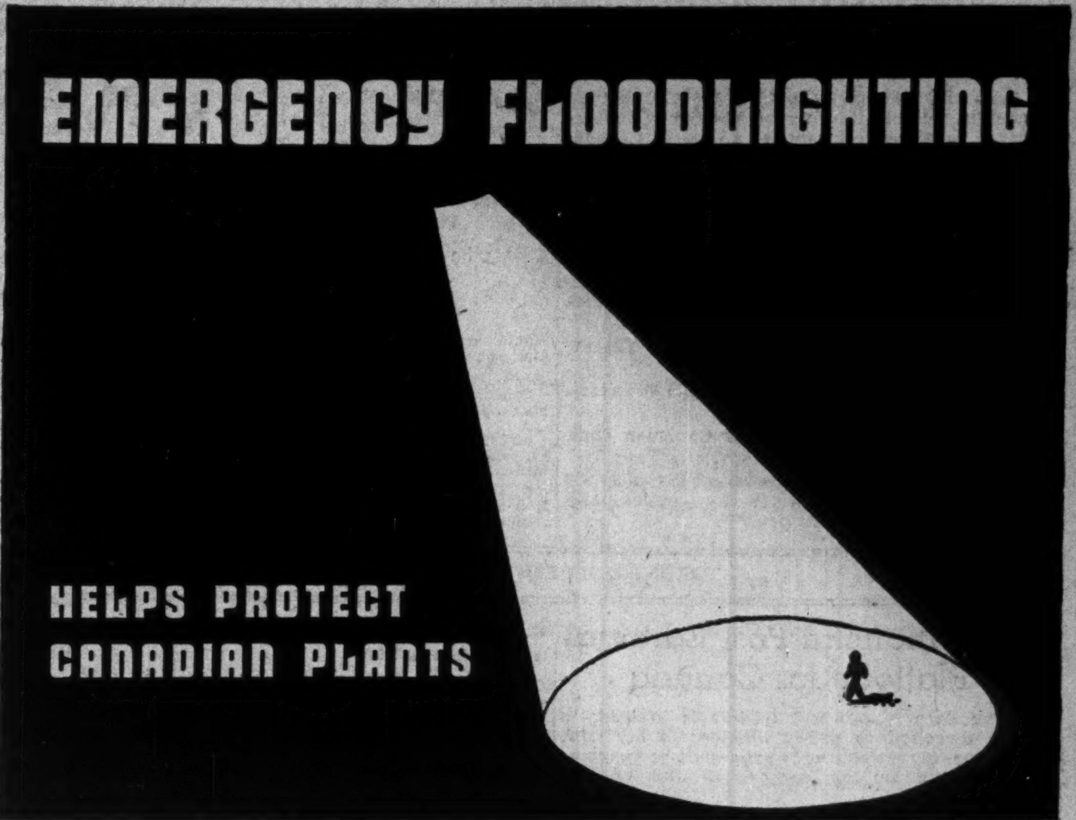
From Our Own Correspondent

MONTREAL.—Quebec Municipal Commission has given notice that it will file an application before the court at Roberval on Sept. 19 for the purpose of having the Municipal Corporation of the Parish of L'Ascension-de-Notre Seigneur, in the county of Lake St. John East, declared in default. This is in conformity with article 33 of the Quebec Municipal Commission Act.

Cons. Div. Stand. Securities Reports Portfolio Value

From Our Own Correspondent

MONTREAL. — Consolidated Diversified Standard Securities reports to the Montreal Curb Market that on Aug. 31, 1939, the net asset value of the company's preferred stock amounted to $19.46. This compares with a net asset value of $20.62 at the end of the previous month.



Amalgamated Electric Announce An Emergency Floodlighting Service To Help You Protect Your Plant

Canada is facing today's threat to industry in a typical business-like way. Plants and yards are being protected with the practical help of efficient floodlighting and alarm systems.

To help Canadian plant owners protect life and property, Amalgamated Electric Corporation has an Emergency Floodlighting Service. This free service makes available the advice and help of experienced lighting engineers.

In addition to the necessary lighting precautions, it is recommended that Amalgamated Electric Industrial Signals be installed where plants and yards cover a broad area. A touch on a single button puts the entire alarm system into action.

Help your government in its protection program — guard your property and business — by installing protective lighting *now*.

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Standard Fuel Reduces Preferred Dividends

A dividend of $1 a share has been declared on the 6½% preference shares of Standard Fuel Co. Payment, requiring $11,860, will be made Oct. 1, 1939, to shareholders of record Sept. 15.

Standard Fuel Co. has paid its preferred dividends regularly at the rate of $1.62½ a share quarterly since incorporation in 1928 until the latest declaration. Net profits, however, have not been sufficient to cover the dividend for the past three years. In the year ended April 30, 1939, the company earned $3.85 a share on the preferred and $3.24 a share in the preceding year.

C. N. R. Promotions

From Our Own Correspondent

MONTREAL.—Canadian National Railways announces the appointment of Oscar Masse to the position of superintendent of transportation for the Quebec District. He succeeds J. J. Sunderland who is retiring after 49 years of railway service.

Bond Tenders

5 p.m., Sept. 18, Catholic Sch. Com. of Three Rivers, Que.—$175,000, 3½ or 4%, dated May 1, 1939, redeemable serially May 1, 1940, to 1969. J. U. Gregoire, sec.-treas.

Sept. 19, Drummondville, P. Q.—$106,500. 3½%, redeemable serially in 20 years.

12 noon, Sept. 16, Chatham—$250,000, 3%, 1 to 10 year serial collegiate institute debentures, dated Dec. 1, 1939. J. J. Zink, Mayor.

12 noon, Sept. 14, Canada Treasury Bills—$25,000,000, dated Sept. 15, 1939, due Dec. 15, 1939.

Loew's Theatres to Pay Dividend on Arrears

Marcus Loew's Theatres Ltd. has declared a dividend of 3½% on the 7% preferred stock for the half year ended June 30, 1937. Payment will be made Sept. 30, to shareholders of record Sept. 16. Arrears will then amount to $15.75 a share.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Robt. Simpson	*5%	1952	Jan. 1 '40	105
Wood, A. & J.	‡6%	1944	Oct. 4	103
Cumberland Rly.	5%	1940	Sept. 18	†
Porto Rico Tel.	6%	1944	Sept. 19	▲
St. Mary's Cement	*6%	1942	Nov. 1	101½

* All outstanding balance. For sinking fund purposes: $26,000. ▲ $89,000.

† Tenders invited to absorb $31,046 for sinking fund.

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TORONTO, SEPTEMBER 16, 1939

The Financial Post Editorial Platform for Canada

The duty of political leaders is to lead; to give direction to public opinion; to act with courage in matters of public policy; to combat inertia in the conduct of the nation's business.

The Financial Post stands for LEADERSHIP of this kind in Canada.

Such leadership is essential to preserve our free and democratic institutions. It is urgently needed, now, in Canada, in order to:

1. *Eliminate waste from public business.*
2. *Put idle resources of manpower and materials to work.*
3. *Promote migration of European industries to Canada.*
4. *Promote a spirit of national unity in place of conflicting sectional loyalties.*
5. *Put Canada's defense programme under competent direction.*
6. *Modernize our railway services on a sound, profitable basis.*
7. *Maintain financial integrity in meeting public and private obligations.*

Munitions and Supply

CANADA is to have a new War Supply Board. Eventually this board may be given wider powers under a Minister of Munitions and Supply. Its job of co-ordinating the war effort of the nation will transcend in importance anything this country has ever experienced in the way of national public effort. Under strong, qualified leadership there is no reason why the huge productive resources of this country—both immediate and potential—should not be turned swiftly and efficiently toward making this country the chief arsenal as well as a chief source of foodstuffs and raw materials, for the democracies.

Present and ultimate success of this effort will depend on the type of men primarily chosen by the Prime Minister to handle this big job. Equally important is the type of legislative weapons the new ministry is given to fashion a smooth-working efficient productive machine out of the diverse elements that comprise Canadian industry and production.

One immediate barrier that the Government has wisely removed is the present restrictive 5% clause which limits profits on munitions and defense purchases made by the Defense Purchasing Board. Unworkable legislation of this type barred the opportunity for quick, efficient and co-operative effort on the part of Canadian industry. The Government had already demonstrated its opinion of the unworkability of this clause by abrogating it in respect of certain purchases of aeroplanes made by the Purchasing Board last week.

The most logical man for the chairmanship of the new Supply Board is Arthur B. Purvis, president and managing director of Canadian Industries, Ltd. Three and a half years ago Mr. Purvis showed his willingness for public service by accepting the chairmanship of the National Employment Commission. Though he got scant thanks from the Government, he did a brilliant job for Canada as all who have studied his report or have come in contact with his work will attest.

During the last war the British government commandeered his services the very day war was declared. Mr. Purvis purchased the first $25 millions of munitions bought by Britain in the United States in 1914. Later he was sent to South America on a similar mission.

If Mr. Purvis could be induced to accept the job, Canada could rest assured that her war supply effort would be in strong and capable hands.

Is War a Joke to C. B. C.?

INCREDIBLE stupidity has been shown by Canada's state-owned broadcasting system in the handling of some of the tragic developments of Canada's entry into the war.

On Sunday morning, for example, every one from coast to coast was tensely expectant, waiting for the word that His Majesty had approved the proclamation declaring that Canada was at war.

No sense of sober gravity of the moment seized the C.B.C. Raucous swing band music continued. Suddenly—we were listening to C.B.C.'s key Ontario station, CBL—the music stopped. The blare of the clarinets and saxophones was stilled while the news was announced that Canada has formally declared war. And then without a second's silence came the announcer's voice: "Molten mellow tones poured into a mould to jell—and then to jam," while the Government radio swung back into the utterly inappropriate Broadway dance song "I poured my heart into a song."

A week before, the contrast between the handling of the King's speech by C. B. C. and the American chains was very marked. C.B.C. presented His Majesty's message. There was an awkward pause and then someone put a nondescript record on the turntable and C.B.C. went on with its routine job of filling in the day with semi-classical music. Canadians who listened to the King's speech over one of the American chains heard the strains of "God Save the King" following His Majesty's address. Those who listened to it over another of the American chains heard Elgar's familiar "Land of Hope and Glory."

A mighty challenge is presented to radio in war time. It must do its part to unite and inspire the nation.

C.B.C. has been slow to find itself in war time. It has given an excellent service of the news supplied to it by the Canadian Press and has avoided offensive commentaries and uninformed commentaries on the war. But on a few key occasions it has bungled its job badly.

Turning Idle Wheels

IT IS inevitable that World War will bring to Canada an enormous increase in national purchasing power and income. Production, employment, agricultural buying power cannot help but be tremendously stimulated by the conditions which this conflict will create in a country situated as we are.

Such activity will inevitably bring economic exhilaration as idle factory wheels start to turn and as rising prices bring unexpected wealth to millions of our agricultural folk.

Not even the most drastic tax measures will offset the leavening influence of new productivity and employment which every part of the country will experience.

The tragedy is that every turn of the wheel will be made at ghastly, catastrophic cost.

In the last World War it cost $25,000 to kill one soldier. The military dead numbered over thirteen millions. Civilian dead totalled over 28 millions. There were 20,800,000 persons wounded, disabled, blinded. Estimated total cost is said to have been over $500 billions.

These are the grim, bitter facts that temper the thinking of all Canadians as economic wheels begin to turn.

Jobs For Stay-at-Homes

WHERE can I be of most use? That is an immediate problem now facing every Canadian man and woman.

Prime Minister Mackenzie King says that under his leadership Canadians will not be conscripted for military service. But on each Canadian, individually, rests the responsibility for deciding where and how he or she can do the most to bring victory and peace out of blood and chaos.

Canadian miners are a case in point. Almost every last one of them is uniquely fitted for military purposes. They are of excellent physique and well-disciplined. They are already experts in many types of very essential military work. Many of them have made it very clear they want to "join up."

On the other hand, the mines of Canada are producing a very large proportion of war materials vital to Allied victory. To carry on the war, Canada's mines must continue full blast. There is virtually no unemployment among experienced miners in the Dominion. Hence, the miner, who trades his drill or shovel for a gun is probably doing his King and Country a disservice. Such transfers, taken en masse, may bring dislocation and ultimate stoppage to a vital war industry.

To stay at home at the accustomed job may be a harder, less exciting and far less dramatic contribution at this time. But to many—a great many—Canadians, the path of service "for King and Country" is to stay at home and use their expert knowledge or skill in keeping industry working at top productive speed.

Ottawa has acted promptly in facilitating a national registration or census of those willing to enlist for war service. This registration, if properly handled and followed up, should ensure the maximum efficiency and co-ordination in the use of Canadian manpower.

Newsprint's Wise Move

CANADIAN newsprint manufacturers have agreed among themselves to avoid any attempt at profiteering. They have assured their customers as to maintenance of supply at reasonable prices. They have expressed determination to avoid the extreme conditions that developed during the last World War and which, while bringing temporary prosperity, nearly wrecked the industry.

In face of lean conditions experienced by the industry in the past few years, the temptation to profit by present conditions must have been considerable. The fact that the operators have expressed their determination to avoid runaway prices suggests that there is some leadership now in the industry.

During years of strife between newsprint manufacturers and publisher-customers, the former have not always given adequate consideration to the problems of the latter. That makes all the more noteworthy the fact that the industry has promptly, and on its own initiative, set at ease the minds of those who feared a repetition of the runaway market of the last war. This common-sense, far-sighted policy should do much to restore the goodwill of publishers, especially those in the United States.

Nor will Canadian industry suffer.

Instead of the heady wine of wartime profits based on inflated price levels, the industry should enjoy from now on the benefit of increasing prosperity based on a sound, co-operative relationship between customer and producer.

The Canadian industry has been criticized for many things in past years. There can be nothing but commendation for the policy it has adopted to meet wartime conditions.

Quebec's Finances

TAXPAYERS in Quebec province will not derive much satisfaction or encouragement from the provincial financial statement for the year ended June 30 last. The province had a surplus of $4.8 millions on ordinary account, but results on ordinary account do not present a true picture of provincial finances.

With revenues at a peak level and more than $14 millions higher than two years ago, the Quebec Government fell far short of achieving a really balanced budget. Total expenditure for the year—that is, ordinary, extraordinary and capital outlays—amounted to $110.1 millions as against revenues of $60.8 millions. In short, there was an over-all deficit of $49.3 millions.

Such an excess of expenditure over revenue must be disturbing to taxpayers. It is a bad omen. Its continuance cannot help but weaken Quebec's credit standing and result in higher taxes. It is an unsatisfactory basis from which to face the demands and needs of another World War. The taxpayer had every reason to expect a better showing at a time when revenues were at a peak level.

Equally disturbing is the sharp upward trend in expenditures which continued in the 1938-39 fiscal year The total outlay was $18.8 millions higher than in the previous year. For one thing, the ordinary expenditure of almost every department of the Government increased. Secondly, relief costs were more than doubled, largely as result of an attempt to replace direct relief with a programme of relief works.

With Canada at war it is more important than ever that the Quebec Government should do everything in its power to economize and improve its budget position.

Come and Visit Us

CANADA is at war and U. S. Neutrality Act now prevents the importation of munitions of war across the international boundary.

But the Act says nothing about the tourist trade. Nor has anything we in Canada have done by proclamation or order-in-council placed any restrictions in the way of those who wish to come and spend a happy, peaceful holiday in and about our matchless lakes, forests and scenic places. Americans are just as welcome, just as free to cross and re-cross the border as they ever were.

Furthermore, there's a special attraction just now. With exchange rates between Canadian and U. S. dollars at their present level, ten American dollars will do almost the work of eleven when they come visiting in Canada.

Then too, U. S. tourist dollars can do double duty at this time when capital borrowings between the two countries are at a standstill. They can help us pay the interest on the $4 billions we have borrowed in the U. S.

The Canadian Editorial of the Week

One Job For Governments

Toronto Globe and Mail

In seeking to profit from the experiences of the last war Canada's numerous governments ought to begin at once to avoid a repetition of both reckless and unnecessary expenditures. It should not have to be said after the struggle is ended that although prodigious sums of money were raised the bills are yet to be paid.

Citizens obliged to curtail on luxuries to devote their resources to the only cause that now counts will assuredly frown on the greatest luxury of all: the extravagance of duplicating and overlapping public administration. Dominion, provincial and municipal governments should proceed forthwith to dispense with nonessential services and strip to the bone those not directly contributory to victory in the war in which this country must participate.

When industry and individual citizens are on a war basis, diverting their efforts and money from ordinary peacetime channels, should it be necessary to spend $1,000,000,000 a year, as we are doing, to continue peacetime political activities?

If government services were mobilized for war purposes, probably half this sum could be expended on war costs. It must not be forgotten that the enemy has every public and private service marshalled to one end, that citizenship and jobs count only as part of the war machine. Democracy must organize itself thoroughly to meet this situation to be worthy of its responsibility.

We could do without much of our government machinery at all times if it were designed to serve the people instead of parties and cliques of office-holders. In wartime we should abolish all of it that absorbs national income and resources without contributing in some way to the prosecution of the war. It is opportune for the Dominion and provincial governments to get together, pool their energies, dispense with the frills of office, abolish the duplications and overlapping and provide leadership in consolidated effort.

Editorials in Brief

Declaration of war has caused cancellation of the conference on industrial relations which had been arranged at Kingston next week.

An alternate proposal to hold instead a special meeting devoted to wartime problems of industrial relations is timely and appropriate.

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Communist Alderman Stewart Smith of Toronto has been getting himself a lot of publicity of late by uttering seditious statements. He has been rightly pounced upon from the right as well as the left.

So far, so good, but headline writer who reported a resolution of the Originals Club of Toronto as urging his "interment" was going, we think, a bit too far.

* * *

Getting folks sorted out, friends and otherwise, is still quite a problem with the world stage shifting so swiftly.

One well-known mine operator, for instance, was talking to one of his workmen last week, a Czech. The man was most anxious to get into the war.

"And who are you going to fight against?" asked the mine operator.

"The French and the Germans," came the prompt reply.

Sayings of the Week . . .

"We know where we began, but only God knows where we will one day end." — *Propagandist Goebbels.*

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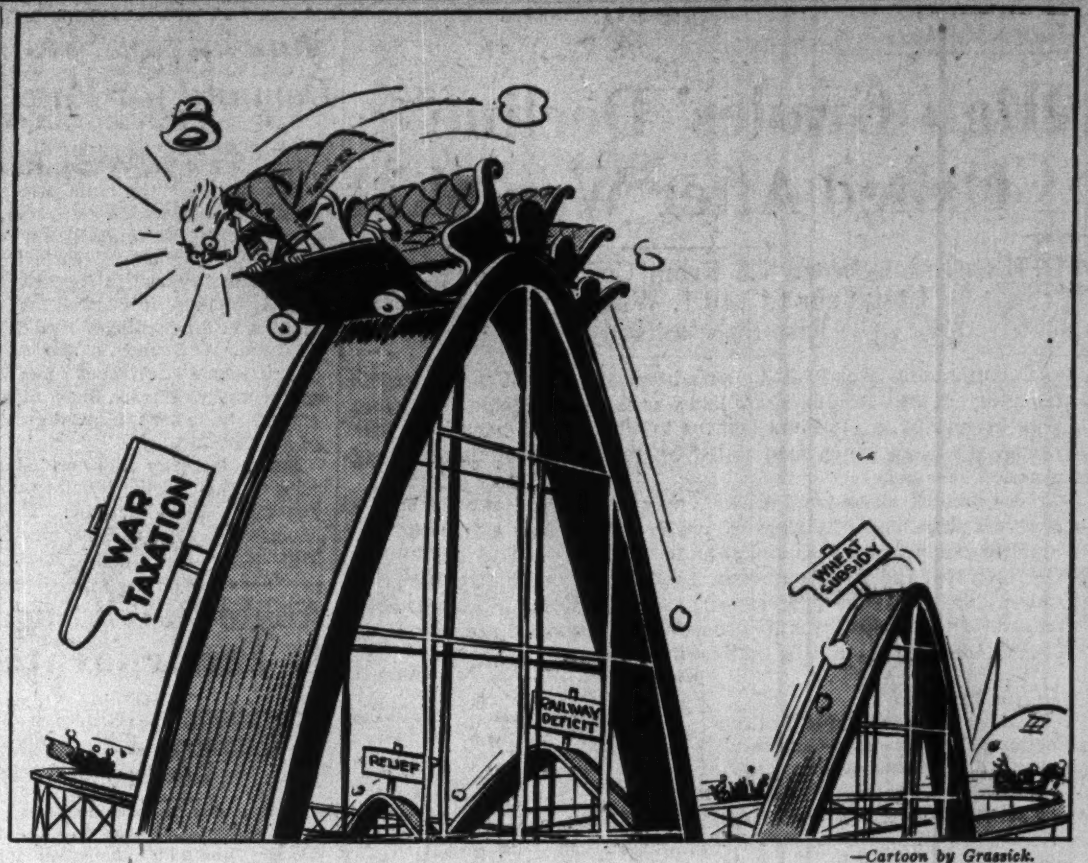
"In internal combat, humanity has grown to greatness; in internal peace it will go down to destruction."—*Herr Hitler.*

* * *

"In 1914 we went on; we refused to yield to pessimism or to know despair, and in the end we beat them. We shall beat them again."—*David Lloyd George.*



—Cartoon by Grassick.

RALSTON'S ROLLER BOLLER

Post-Scripts . . .

Back in Harness

Six weeks ago during one of his brief visits to Ottawa, a friend asked Col. the Hon. James Layton Ralston what he would do if war were to break out.

Col. Ralston's reply was brief and to the point. The moment he learned of war, he said, he would go to his office, turn the key in the lock and proceed by the fastest means possible to Ottawa to offer his services to his country.

Blank & Stoller.

J. L. RALSTON

Col. Ralston was speaking as a man who had resisted every art of persuasion available at Ottawa His closest friend (Mr Dunning), the Prime Minister and many others had been trying, without success, to bring him back into Parliament, into the Government. But he declined all lures. His decision to retire, he said, was taken after due consideration and it was final.

* * *

But when Col. Ralston did precisely what he said he would do—took the first plane available for Ottawa—he was not expecting to emerge from the prime minister's office bound for Rideau Hall, the little red morocco Bible upon which ministers are sworn, and the seals of the Finance Department. His idea has been that he would be accepted for active service in the field—the only form of service he coveted in time of war.

Yet his offer of service was unconditional and today he is up to his eyes in the task of fashioning the structure of Canada's war machine.

* * *

Not so long ago in some quarters of the country, Col. Ralston was being severely criticized for the retainer he received as government counsel on the Grain Commission. As one of the leading lawyers of Canada, his income is a large one. Today he is serving his country for less than half the money he could make in his own profession. But, at that, it is more than he would have received in the field, where his inclination would have led him.

It is, perhaps, fortunate both for himself and his country that the crisis which brings him back to the public service occurred when it did and not a year ago. Col. Ralston has barely recovered from a serious illness. Physically he has not the strength or endurance of his early days in public life. But as those who know him intimately attest, his mind has lost none of its vigor, clarity and directness.

* * *

Col. Ralston has an outstanding record in law, military, political and corporation work. He brings to his post a wealth of experience. It is rather a coincidence that he should succeed his close friend, Charlie Dunning, for a little less than four years ago he succeeded Mr. Dunning as president of the Equitable Life Insurance Co. of Canada.

Layton Ralston is a bluenose. He hails from Amherst; a town which has gained fame for turning out a surprisingly large number of successful lawyers and politicians.

After studying at Amherst Academy, he entered Dalhousie Law School and in due course became a member of the Nova Scotia Bar. He started his practice in the home town, but at the early age of 27 took a fling at politics. He became a candidate for the House of Commons, but was defeated. In 1911 he was elected to represent Cumberland County in the Provincial House. His political career was interrupted by the war. In 1926 he again tried for the Dominion House but was unsuccessful. However he was taken into the Cabinet as Minister of National Defense and represented Shelburne-Yarmouth. He was returned in 1930. With the defeat of the Liberal Government he re-entered the legal profession. However instead of returning to the Maritimes he established in Montreal and became a member of the Quebec Bar.

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From 1916 to 1919 Colonel Ralston was in active war service. In October he went overseas with the famous 85th Battalion.

He never wore a "brass hat."

During his service in France he picked up four wounds, a D.S.O. and bar, C.M.G., was mentioned twice in dispatches and borrowed two porcelain ash trays from a German hotel during his sojourn with the Army of Occupation. He has kept all of these souvenirs.

He might have won the Victoria Cross for an outstanding piece of personal bravery before Champoux, when he rescued a badly wounded younger officer under fire, but the higher command did not believe in senior officers running "unnecessary risks."

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Since his return to the legal practice in Montreal, the Colonel has become an important figure in corporation work. His ability was recognized quite early. He became associated with a large number of corporations either as legal adviser or a director. He is president of Canadian Paperboard Ltd. and Equitable Life Insurance; and director of Asbestos Corp., Barclay's Bank (Canada), Canada Northern Power and Dominion Steel and Coal Corp. All these connections will have to be given up now that he is Minister of Finance.

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As to the man himself. He is not the back-slapping type of politician. Nevertheless he is friendly and can enjoy a joke as well as the next man. He does not believe in the eight-hour day for himself. Nor does he like to delegate work to others if he thinks it can be better done by himself. He has all the clannishness of a Maritimer and, like the elephant, never forgets a friend. He is an ardent walker and apple-eater.

On the 27th of this month he celebrates his 59th birthday.

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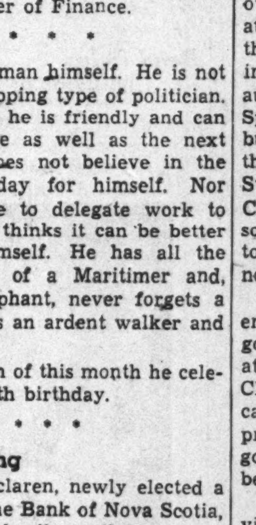
Homecoming

Albert Maclaren, newly elected a director of the Bank of Nova Scotia, comes of a family well known in the industrial and business life of the western part of Quebec province. As president of the Maclaren Power & Paper Co. and of the James Maclaren Co. of Buckingham, Que., he holds responsibility for family enterprises in lumber and power and paper which have grown and prospered since the 1860's.



ALBERT MACLAREN

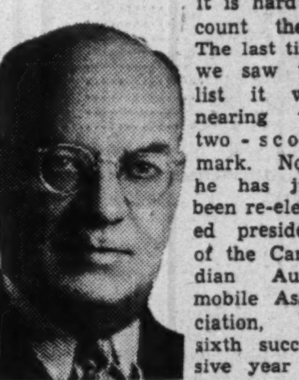
His father, the late James Maclaren, came to the Lievre River district of Quebec and settled in the town of Buckingham about three quarters of a century ago. A man of high principle and great business ability, James Maclaren gradually developed his business interests, laying the foundations for the now nationally known concerns which perpetuate his name. What is not so well known to many of the present generation is that he was one of the founders and the first president of the old Bank of Ottawa, established in 1874.

A brother of Albert Maclaren in due course became president of the bank, and another brother, Alexander, later became a director. In 1919 the Bank of Ottawa was amalgamated with the Bank of Nova Scotia. Albert Maclaren's election to the Nova Scotia board therefore was something of a homecoming.

Albert Maclaren, however, does not spend all his time at either the power and paper business or banking. On the curling rink and on the bowling green he has won considerable distinction.

"Dick" Stapells

R. A. Stapells, vice-president of J. J. Gibbons Ltd., has served in executive positions in so many public service organizations in Canada that it is hard to count them. The last time we saw the list it was nearing the two-score mark. Now, he has just been re-elected president of the Canadian Automobile Association, his sixth successive year in that position.



R. A. STAPELLS

The ubiquitous energy of "Dick" Stapells has been evident for many years in his activity in such organizations as the Canadian Manufacturers' Association, Canadian National Exhibition, Ontario Motor League, Toronto Board of Trade, and many others. Less well known have been his interests in music, as a violinist, baritone soloist, choirmaster and patron of musical events.

Mr. Stapells doesn't find as much time to practise his musicianship now as he did in years past, but he could fill in nicely for the bass soloist in most church choirs. His knowledge of voice and radio is no mean asset in his association in advertising with John J. Gibbons.

Sometimes that voice leads its owner astray. Such as the occasion at a huge banquet in Toronto when the chairman, in honor of the visiting American speaker, asked the audience to rise and sing "The Star Spangled Banner." "Everyone rose, but no one seemed willing to fire the first note. Someone nudged Dick Stapells and he burst forth into "My Country 'Tis of Thee." After the song was finished the audience had to start all over again with the song nobody knows.

Mr. Stapells, on summer week ends, is an ardent and not inexpert golfer, and plays almost invariably at the Briars Golf and Country Club, near Sutton. Characteristically, Dick Stapells was one of the prime movers in organizing this golf club in the early '20's, before he became a golfer.

As an organizer in municipal, provincial and Dominion affairs, Dick Stapells has few equals. He seems to know from long experience just how best to go about arranging campaigns for men or money. And as a good salesman he invariably produces results.

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Pulp to Powder

Kellogg Sinclair MacLachlan, who, with Col. Henri DesRosiers, has been appointed by the Government to the post of acting deputy minister of the Department of National Defense, is big mentally and physically, two qualifications necessary for the important position he is taking over. As president and managing director of the Fraser group of companies he is well known among pulp and paper men; to Canadian business at large he is not so well known. But his record in business and his experience in many lines, especially during the last war, make him peculiarly fit to do the task for which he has been selected.

He was born in Toronto 47 years ago. He attended the Model School, Jarvis Collegiate, St. Andrew's College and University of Toronto, graduating as a Bachelor of Science. He started his business career with Metals Chemical Co., Welland, in 1913. He then was employed by the National Synthetic Co. and in 1916 became supervisor of production and distribution of explosives for the Imperial Munitions Board.

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Following the war Mr. MacLachlan engaged in various minor positions with the Lincoln Paper Co. He then became associated with R. Home Smith of Toronto. From 1925 to 1927 he was manager of Lincoln Paper Co. For the next three years he directed the affairs of Alliance Paper Co. and then became general manager of Fraser Cos.

His record in the pulp and paper field has proved clearly his ability as an organizer and practical operating man. He is regarded throughout the industry as a thoroughly sound businessman.

In the Mail . . .

Conscription

Editor, The Financial Post,

Conscription not only of man power, but of the entire resources of the country for the duration of the war is essential. The crisis is as great, if not greater, than in 1914. We have that experience to guide us, and there should be no half measures this time, but let us get together and get this beastly thing over as quickly as possible, and get back to the peaceful pursuit of happiness.

The voluntary system is wrong from every angle, particularly from the point of view of eugenics. Whether we have conscription or the voluntary system it means that the physically unfit will be those left at home to propagate the race. It is bad enough to have the physically weak to perpetuate the race, but it is far worse to have those who are lacking in patriotism, courage and spiritual fitness. With the voluntary system those who are willing to sacrifice their lives for freedom, justice, etc., are those who will be sacrificed, and those who will remain at home will be the men who lack these spiritual qualities. This is bound to have a deteriorating effect on the spiritual qualities of the future generations and develop a race lacking in these qualities.

Chaka, the great Zulu chief, built a race of great warriors by destroying all the weaklings. Any child or other person who was physically unfit in any way was destroyed so that the physically fit were left to perpetuate the race. This produced one of the finest races in the world from a physical standpoint, as all like myself who have visited that part of the world know.

However, Canada is not so much concerned with the physical standards (though they are important) as with the spiritual standards of future generations, and men lacking in patriotism, and the love of freedom, and the courage to be willing to die for them will produce a generation lacking in the same qualities. The leaders, therefore, should see to it that conscription of man power as well as all resources is put into operation at once in order to win this war as quickly as possible and ensure that the future generations shall consist of people inheriting the true qualities of greatness.

The aftermath of the Great War leaves no doubt in the minds of most of us that conscription of all our resources is essential, so that no man, or group of men, shall profit by the sacrifices of the men who fall in their interests. One of the conditions of the Conscription Bill should be that when the war is over the men that return shall find their jobs waiting for them with no loss of seniority.

HOWELL SMITH,

Toronto.

As Others See Us . . . . .

The Underdog's Viewpoint

Newmarket Era

A remarkable article has appeared in The Financial Post. It could hardly have slipped through without the editor-in-chief seeing it, for it occupies a whole page and is entitled: "Will the Socialists capture British Columbia?"

The writer of the article, Charles L. Shaw, doesn't try to answer the question, but indicates that if the Socialists do not achieve power it will be because other parties steal their thunder and inaugurate socialist policies themselves.

People who take the attitude that the Co-operative Commonwealth Federation, its leaders, its supporters and its policies, are all to be condemned are not being fair to themselves or to the C.C.F.'ers. If The Financial Post would carry more articles of this nature, pointing out to those of its readers who do not come into contact with ordinary folk that poor people and discontented people and unemployed people do exist and are likely to make themselves felt eventually, necessary economic and social changes would come about much more easily and with a much better spirit of fellowship between rich and poor, between employer and employee.

If The Financial Post would explain to its important group of readers from time to time the good points in the C.C.F. programme, and differentiate between high taxation caused by "waste in public business" and high taxation caused by the provision of social services there would not be so much bitterness between classes of citizens, and all could co-operate to a much greater extent in building a better nation of better citizens.

Other People's Views . . . . .

Garbage Cans

St. Catharines Standard

It is reported that a German housewife has six garbage cans, one for orange, lemon and banana peelings, one for newspapers, one for broken glass and one for rags.

To use the first three, of course, the wife must have the oranges, lemons and the bananas.

Prompt Action Required

Toronto Telegram

Canadians as a whole have been paying heavily to maintain the price of wheat at a figure which would protect the producers against bankruptcy. They are not going to tolerate being further held up to provide war profits for speculators.

Government control to prevent prices falling to the detriment of the producer was recognized as a necessary form of relief. Government control to prevent prices rising to the detriment of the consumer is equally necessary.

Stop Me If

A lady had advertised for a girl for general housework and was showing the applicant over the house. She had been very liberal in her promises of privileges—afternoons off evenings off and so on—and it looked as though the two were about to come to some agreement, when the girl suddenly asked: "Do you do your own stretchin'?"

"Do we do our own what?" asked the puzzled mistress.

"Stretchin'," repeated the girl a second time. "Do you put all the food on the table at dinner and stretch for it, or do I have to shuffle it around?"

Week in Business

Business Adjusts Itself To Wartime Conditions

Rush to Buy Essential Goods Follows First Stunning Effect — Employers Study Plans for Employees Enlisting — Life Insurance Sales Rise

Canadian business is gradually adjusting itself to war conditions.

The confusion caused by the first impact of the declaration that a state of war existed had a somewhat stunning effect. This was later followed by a rush by many householders to buy necessary goods, fearing first a shortage and secondly a rapid advance in prices. It is believed, however, that with the passing of a few more days citizens will settle down to a more even pace. Among businessmen generally there is a readiness to adapt themselves to the new conditions without any undue upset.

One thing that is receiving a great deal of attention at present is the question of what to do about men leaving their places of employment to enlist. There is considerable variation in the policies that have so far been announced but one thing that is fairly general is that employers are willing to assure their employees of a position when their term of service expires.

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Announcement by the life insurance companies that they were inserting war clauses in all new policies resulted in a great rush to buy insurance. Applications were received in abnormally large numbers when it was announced that such a course was likely. In some cases, as the matter was one for individual company policy, applications were received too late.

However, in a great many cases new life insurance was taken out subject to the war clauses. In fact it is stated that the current volume of business, while down somewhat from the last few days before the new contracts went into effect, is well above what it was previously.

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Many industries are already busy working on war supplies and this condition is expected to become more widespread. Some, of course, which are making nonessential goods, are finding the going rather slow. This it is expected will be changed when the distribution of wages from the manufacture of munitions becomes wider. The Canadian western wheat crop has been estimated now at around 450 million bushels. With the price steadily rising the increase in the purchasing power of the West can be readily imagined.

Certain lines of imported goods will, of course, become scarce. Among such are certain types of high-grade small cameras which came almost exclusively from Germany. In some quarters there is a disposition among citizens not to buy goods of German manufacture. Businessmen, however, point out that no good purpose is served by this policy now as these goods were imported prior to the war and to stop buying them only penalizes the Canadian merchant who has paid his good money for them.

Business Indicators

Current business unsettled, with D.B.S. index of business activity for week ending September 2 down from previous week and from year ago.

Carloadings increase sharply over previous week due to bigger grain movement. Total for year to date up 0.05% over 1938.

Railway earnings for first week of September sharply higher than year ago, for both roads. Cumulatives for year to date up 6.5% for C.N.R., and 2.3% for C.P.R.

Cement production falls off in June. Total for six months declines 7.9% from last year.

Canadian imports rise in July. But decrease of 3.2% is shown for first seven months.

Cotton imports higher in July. Total for seven months is 12.1% lower.

Rubber imports show increase for July and for seven months.

Current trend of business shown by The Financial Post Index and following key factors, new items for week being marked thus ▲.

	Sept. 2	Aug. 26	Aug. 19	Aug. 12	Sept. 3/38
Commodity prices	72.8	72.7	71.9	72.1	74.6
Weekly index	106.7	108.1	108.3	107.7	109.4
	July	June	May	Apr.	Year Ago
Financial Post index	119.8	118.8	116.3	113.2	109.0
Retail index no. of sales	83.5	85.0	80.8	79.0	80.3
Dept. store "	....	72.0	75.2	75.7	74.4
Wholesale "	92.2	99.3	101.4	87.1	90.1
Country (% change fr. last yr.)	—6.2	—7.7	—2.8	—12.6	....
Employment D.B.S. Index— ‡					
	Aug. 1	July 1	June 1	May 1	Year Ago
All industries	117.5	115.8	113.1	106.2	112.1
Manufacturing	112.8	111.3	111.4	108.4	110.1
Wage earners No. (000)	....	....	2,385	2,329	2,338
Living costs‡	....	$16.93	$16.92	$17.02	$17.45
			Jan. 1 to date		%
Railways—	1939	1938	1939	1938	Change
Carloadings, week (Sept. 2)	▲65,314	57,618	1,557,588	1,556,656	+0.05
C.N.R. gross. week (Sept. 7)	$ ▲4,165,511	3,689,291	123,766,139	116,176,996	+6.5
C.P.R. gross, week (Sept. 7)	$ ▲4,007,000	3,529,000	90,126,000	88,089,000	+2.3
C.P.R. net revenue (July)	$ 626,160	507,337	5,977,503	3,188,365	+87.4
C.N.R. net revenue (July)	$ 214,927	•96,958	•290,490	•5,776,941	....
Iron and Steel (July)—					
Pig iron production (tons)	59,587	51,238	356,108	455,396	—21.8
Steel ingots and castings prod. (tons)	111,149	83,927	691,290	754,267	—8.3
Automobiles (Number)—					
Passenger Cars:					
Domestic sales* (July)	5,820	6,187	60,228	67,012	—10.1
Factory output (July)	5,112	5,273	75,080	81,375	—7.7
Trucks and Buses:					
Domestic sales* (July)	2,057	2,067	15,545	17,637	—11.9
Factory output (July)	4,023	3,734	27,810	29,790	—6.0
Exports (July)	4,840	4,760	39,610	39,731	—0.3
Financing (July):					
Used	$ 3,669,707	3,748,860	21,709,955	23,452,665	—7.4
New	$ 2,391,448	2,719,524	17,846,861	22,945,114	—22.2
Construction—					
Contracts awarded (Aug.)	$ 25,827,200	22,113,400	131,402,800	123,926,800	+6.0
Cement, bbls. (June)	▲728,000	749,000	1,995,776	2,167,414	—7.9
Agriculture—					
Flour prod., bbls. (July)	1,105,502	928,722	7,927,853	6,439,851	+23.1
Flour exp., bbls. (July)	403,377	282,985	2,626,675	1,934,316	+35.7
Wheat exp., bus. (July)	13,780,554	7,248,115	65,094,021	33,031,978	+97.6
Cattle sales (July)	61,220	64,127	397,686	387,976	+2.5
Hog sales (July)	42,144	43,619	358,138	409,863	—12.6
Sea Fisheries: (July)‡					
Catch, cwts.	1,267,700	977,800	5,115,220	4,122,090	+[illegible].0
Landed value	2,860,300	2,588,600	8,884,580	8,706,810	+2.0
Newsprint (tons)—					
Production (July)	227,630	202,546	1,568,694	1,462,417	+7.2
Exports (July)	200,173	200,836	1,415,291	1,304,122	+8.5
Mining and Oils—					
Coal prod., tons (June)	1,085,344	930,971	6,808,422	6,914,109	—1.5
Coal imports, tons (June)	1,371,651	1,617,744	3,865,946	4,977,731	—24.3
Gold prod., fine oz. (June)	436,783	393,211	2,492,445	2,220,070	+12.2
Nickel prod., lb. (June)	20,103,880	16,327,169	110,314,754	108,995,141	+1.2
Copper, prod., lb. (June)	54,581,869	48,489,938	296,468,599	292,048,917	+1.5
Crude oil prod., bbls. (June)	821,308	537,654	3,371,238	2,919,425	+15.4
Crude oil imp., bbls. (June)	4,437,800	3,931,500	14,191,314	13,451,208	+5.5
Electric Power Output (July)—					
Total monthly m.k.w.†	2,204,965	1,987,774	15,947,968	14,706,151	+8.4
Foreign Trade—					
Imports (July)	$▲58,580,050	55,822,529	379,659,369	392,514,764	—3.2
Exports (July)	$ 91,728,664	78,719,799	558,990,919	494,399,446	+13.0
Other Industrial Factors—					
Dressed lumber exp.: M. bd. ft. (July)	185,096	165,910	1,114,950	922,002	+20.9
Shoes, prod., pr. (June)	1,850,673	1,714,770	11,249,771	10,946,853	+2.7
Cotton imports, lb. (July)	▲9,419,000	7,588,000	62,983,000	71,694,000	—12.1
Raw rubber imp., lb. (July)	▲6,747,000	6,015,000	36,194,000	31,360,374	+15.4
Cigarette cons. (July) No.†	677,112	638,703	3,970,326	3,870,561	+2.5
Sugar manufactured, lb.§	85,837,830	86,266,450	387,788,743	370,140,908	+4.7
Finance—					
Bank debits (July)†	$ 2,376,528	2,466,370	17,509,832	17,051,439	+2.6
Bond sales (July)	$ 71,449,665	98,451,124	867,519,926	725,553,361	+19.5
Life insurance (July)	$ 32,244,000	30,635,000	224,787,000	224,467,000	+0.1

*D.B.S. All Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For four weeks to July 15, 1939. •Deficit.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.

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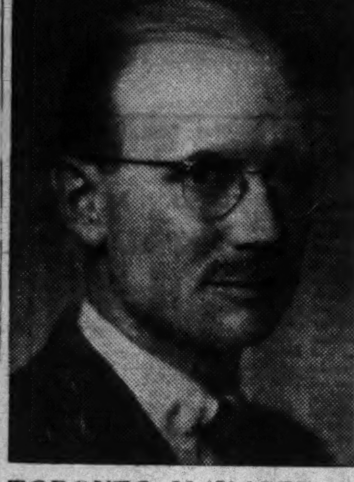

TORONTO MANAGER

D. E. Longmore, whose appointment as Toronto manager of A. McKim Ltd., advertising agency, has been associated with the company for over 15 years. He joined the Montreal office in 1923. He opened the British Columbia office at Vancouver and later was transferred to the management of the company's headquarters in London, England.

Rail Earnings Will Increase

Larger Crop Assures a Better Showing Than Last Year

From Our Own Correspondent

MONTREAL.—Improved earnings in the current year for both the Canadian National and Canadian Pacific Railway appear assured.

Earnings of both railways this year to date are ahead of the same period last year and this trend should continue. In fact, it is possible there will be a greater improvement in the last four months than there was in the first eight.

The largest factor in the improved outlook for earnings of the two railway systems is the larger wheat crop in western Canada. The most recent official estimate of Canada's wheat crop is approximately 450 million bushels, up 100 millions from last year.

The importance of a good wheat crop to the two railways is well known. A large crop is bound to be reflected in the earnings of both the C.N.R. and C.P.R.

Heavy Movement East

The larger crop is not the only reason why more active business is anticipated. Because of the war, a large movement of wheat to elevators in eastern Canada is expected this fall. A desire to have the wheat in position for speedy shipment overseas is likely to mean a heavier movement than would normally be expected.

Expectations are that a larger share of the crop will move east this year than was the case with the 1938 crop. The shorter distance from Atlantic ports to Great Britain is expected to give them an advantage over Vancouver.

Another important factor which should not be overlooked is the prospective increase in purchasing power in western Canada. This is due not only to the larger crop, but the rise in the price of wheat. An increase in purchasing power in the West will mean larger purchases from eastern Canada. This is important to the railways for the profit in moving merchandise to the West is larger than on the movement of grain to the East.

More Grain Moved Already

Increased traffic in the West has been in no small measure responsible for the improved earnings reported by the railways this year to date. Cumulative totals of carloadings to Sept. 2 show an increase of 932 cars in total car loadings as compared with the same period last year. On the eastern division there was a decrease of 18,125 cars while loadings in the western division increased by 19,057 cars.

Carloadings for the week ended Sept. 2 indicate the trend. Loadings for that week amounted to 65,314 cars, which is an increase over the previous week of 10,930 cars and over the corresponding week last year of 7,696 cars. Heavy loading of grain in the West was the chief factor in the increase.

Manitoba To Link Finance To Ottawa

Bracken Suggests Dominion Government Outline Its Plans

The Province of Manitoba has offered to modify its own financial policy to conform with the war emergency plans of the Dominion Government, according to an announcement by Premier John Bracken.

Mr. Bracken's statement said, in part:

"In the opinion of the Manitoba Government provincial financial policy should today be developed in the light of present day conditions. It will not do today for each province in its public finance to go its own way regardless of the effect of its policies upon the national economy and regardless of whether its policies are consistent with those of the other provinces or with that of the Dominion.

"The Manitoba Government therefore is in contact with the Dominion Government at Ottawa and has already suggested that at the earliest possible moment the Federal Government should outline its financial and economic plans.

"It would seem moreover that the Dominion Government should call a conference at Ottawa of the Treasury officials of the provinces for the purpose of determining how the various provincial treasuries, in their own interests and in the interests of the nation, may best co-operate with each other and with the Dominion."

Manitoba has promised co-ordination of provincial services in stimulating agricultural production for war needs. The Government also urges that farm prices be not stabilized at too low a level.

Keeping Posted

Veteran Business Commentator Shares His Wide Reading With Businessmen

By J. C. KIRKWOOD

After 25 years being off it, more or less, Montrealers are back on the water. My authority is Nancy Roberts, writing in Mayfair for September. Miss Roberts says that there has been a very great increase in the number of power-boat owners in Montreal during recent years.

J. C. KIRKWOOD

Time was when one had to be a sailor to qualify for admission to the very exclusive Royal St. Lawrence Yacht Club, but now the door is open to owners of power boats. Still connected with this club is C. H. Duggan, who in 1890, was the club's commodore. Other loyal members include William Copeland Finley, Charles H. Routh, F. P. Sherwood, the Ross family, the McMasters, the Hamiltons, and the Molsons.

This past summer I have heard several Toronto men talk with obvious contentment about their cruiser-type motor boats, and other men about their intention to buy a cruiser; and one hears a good deal about the fine boats on the Muskoka Lakes. All of which means that the makers of fine power boats can look forward to increasingly better business.

• • •

Are There Soft Jobs?

Thomas Jackson, Toronto, widely known in Ontario and beyond in manufacturing, wholesale and retail dry goods circles, told me a rather good story about a farmer friend of his who called on him one morning at his place of business. Mr. Jackson was manager-buyer for a large wholesale firm. The farmer said, "Yours is a pretty soft job. You have little to do, and you can go about always well dressed. I'd like a job like yours." Just then a salesman of handkerchiefs called, with offerings of 5,000 dozen, 400 dozen, and so on. Quickly Mr. Jackson examined the samples, offered a price, and bought. Then a salesman of towels entered, and again there was a rapid transaction. A long distance call from a retailer in Bowmanville resulted in an order covering many lines, all for dispatch that same day. This meant breaking up this dealer's orders for various departments. Other phone orders came in, also members of the staff to collect orders, ask questions, get decisions, and to make reports.

After half an hour of this the farmer said, "You can have your job. I wouldn't want it at any price. Ever since I entered your office, your mind has been somersaulting." He challenged Mr. Jackson to recall the particulars of the handkerchief order, and was astounded when he was given quantities, and prices—all without reference to any memorandum.

• • •

Assured of All Wool

If you buy socks described as being all wool—this after February, 1941—then you can be sure that they contain 97% wool by weight. Similarly, if the makers of socks want you to be perceptive of the "clocks," then they must be precise in describing them— "silk clock," "rayon stripe," for example.

There used to be a great looseness on the part of some textile manufacturers in the use of such terms—as cotton, linen, wool, silk. Then, a year ago, Men's Wear Merchandising began a campaign to have forbidden the practice of marking the material contents of men's hosiery in a way which was misleading to both retailers and consumers. This campaign has resulted in legislation, and after February, 1941, socks, if their materials are named, must have their descriptions conform to government rules.

• • •

Showmanship With Paint

The vivid, almost garish, use of paint and color at the New York World's Fair was considered by the management of Canadian National Exhibition as "not proven" regarded as a feature of lasting attractiveness; it has yet to be convinced that a 100% use of brilliant color in exterior decoration has advantages over the natural beauty of brick and stone. Just the same, C.N.E. used a huge quantity of paint this year to smarten its buildings, its pylons, its lighting fixtures, its grandstand, and the many domes and turrets.

In telling about how paint was used, Canadian Paint and Varnish Magazine says that, "modern showmanship depends to a great extent on a smart, ever-new appearance achieved by the skilful use of paint and varnish." Certainly, this year's Canadian National Exhibition's attractiveness was remarked on by most visitors to it—an attractiveness effected in very large measure by use of paint.

• • •

Employee Relations

Factory employees of the American Rolling Mill Company now receive a "news letter" with each week's pay. Beside the pay office stands a clerk who hands each employee a folded single mimeographed sheet, whose contents give the men the low-down on facts directly affecting their hours and their pay—or, in other words, education in the economics of steel making. The management believes that this weekly newsletter fulfills a definitely useful function.

Canadian Packers has had a "plant relations committee" since 1933—this in connection with each of its eight plants. These committees meet at least once monthly to discuss matters of joint interest to the company and its employees.

J. S. McLean, president, recently announced that in future there would be an employee director whose duty would be to represent the interests of employees at the company's board meetings.

Since 1933 the company has had a pension fund, and in 1934 a policy of sharing profits with employees was introduced. To date distributions of "employee" dividends have totalled $1,879,467.

• • •

There Are Sales Limits

The Stationers Guild of Canada is having its third All-Canada Convention and Exhibition in Toronto on October 2, 3, and 4.

Looking forward to this convention, W. E. Dawson, Montreal, a leading Canadian stationer, contributed an article to the August issue of Bookseller and Stationer—an article which was an urgement of retail booksellers and stationers to give much attention to their pricing policy, with a view to making an adequate net profit on the year's trading. "It is possible," says Mr. Dawson, "to get an adequate share of the available business without having resort to that dangerous boomerang, cut prices, which so many people like to play with, and who often decapitate themselves to their own amazement and the justifiable rejoicing of their competitors."

Another observation of Mr. Dawson's is: "Generally speaking, it is impossible to force sales all the time. For example, a manufacturer of a pencil sharpener may take the stand that it is possible to equip every desk in an office with its own pencil sharpener. Personally, I have never seen the office which has a pencil sharpener on every desk, and never expect to. There is no power on earth which will drive sales beyond a given point in a general way."

Building Society Formed in Montreal

From Our Own Correspondent

MONTREAL. — Modelled on the lines of British building societies, the Savings Building Society has been formed in Montreal. The purpose of the society is to assist the wage-earner in purchasing his own home.

Many prospective home builders are unable to build because they lack the capital necessary for the initial cash payment. The building society provides a savings plan which makes it possible for one to save sufficient capital for the down payment and to continue, through the society, payments on a monthly basis until he has complete ownership. The society does not own land or houses, nor does it build houses.

President of the new society is H. C. Rochester, general car accountant of the Canadian National Railways. Directors are: J. Leonard Apedaile, W. R. Henry, H. E. Herschorn, Robert H. Macdonald, Edgar A. Robertson, F. G. Rutley and Victor C. Soucisse.

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Ottawa Govt. Revenue Down

Revenue in First Five Months Is Lower Than Expected

Revenues of the Dominion Government in August were $2.8 millions lower than in the same month last year and expenditures were $7.1 millions higher.

Revenue from customs and excise duties were slightly higher as were post office receipts, but receipts from other sources were lower. Increases were recorded in all expenditure classifications. Due to defense and department of transport expenditures, the outlay on capital account was up $2.3 millions. Deficits of Government-owned enterprises were $2.9 millions higher.

Cumulative totals for the first five months of the current year show a decrease of $18.7 millions in receipts and an increase of $9.9 millions in disbursements. This indicates revenue is not holding up to the budget forecast. The budget estimated revenue in the current year would be only $11 millions lower than in the year ended March 31 last. Of course war will now alter the whole budget picture.

Lower receipts from income taxes and from excise, sales and stamp taxes account for the decline in revenue. Smaller returns from the income tax were expected in view of the lower profits and income in 1938. The decline of $9.1 millions in receipts from excise and sales taxes is largely due to repeal of the 3% special excise tax on imports.

Receipts and Disbursements
Month of August

Receipts:	1939 $ 000's	1938 $ 000's	Change $ 000's
Customs duty	7,190	6,950	+240
Excise duty	4,975	4,661	+314
Excise, sales tax	12,575	14,828	—2,253
Income tax	4,400	5,373	—973
Post office	2,400	2,301	+99
Sundry	1,975	2,272	—297
Special	3	4	—1
Total	33,518	36,389	—2,871
Disbursements:			
Ordinary	20,846	20,454	+392
Capital	3,004	622	+2,382
Relief	4,567	3,485	+1,082
Govt. enterprises	3,048	79	+2,969
Write-offs	485	151	+334
Total	31,950	24,791	+7,159

Five Months Ended Aug. 31

Receipts:			
Customs duty	33,374	33,751	—377
Excise duty	22,999	22,494	+505
Excise, sales tax	55,193	64,376	—9,183
Income tax	101,966	111,457	—9,491
Post office	13,106	12,503	+603
Sundry	7,092	7,634	—542
Special	43	279	—236
Total	233,773	252,494	—18,721
Disbursements:			
Ordinary	153,758	151,321	+2,437
Capital	6,995	1,397	+5,598
Relief	13,621	10,623	+2,998
Govt. enterprises	41,740	42,981	—1,241
Write-offs	485	283	+202
Total	216,599	206,605	+9,994

Traffic Through Halifax Greater During August

From Our Own Correspondent

MONTREAL. — Cargo moving through the port of Halifax during August totalled 187,623 tons, as against 144,164 tons in the same month last year. All of the increase was accounted for by a heavier outward movement, as there was a slight decline in inward traffic.

For the first eight months of this year, 1,419,156 tons of cargo have been handled, as against 1,338,033 tons for the same period last year.

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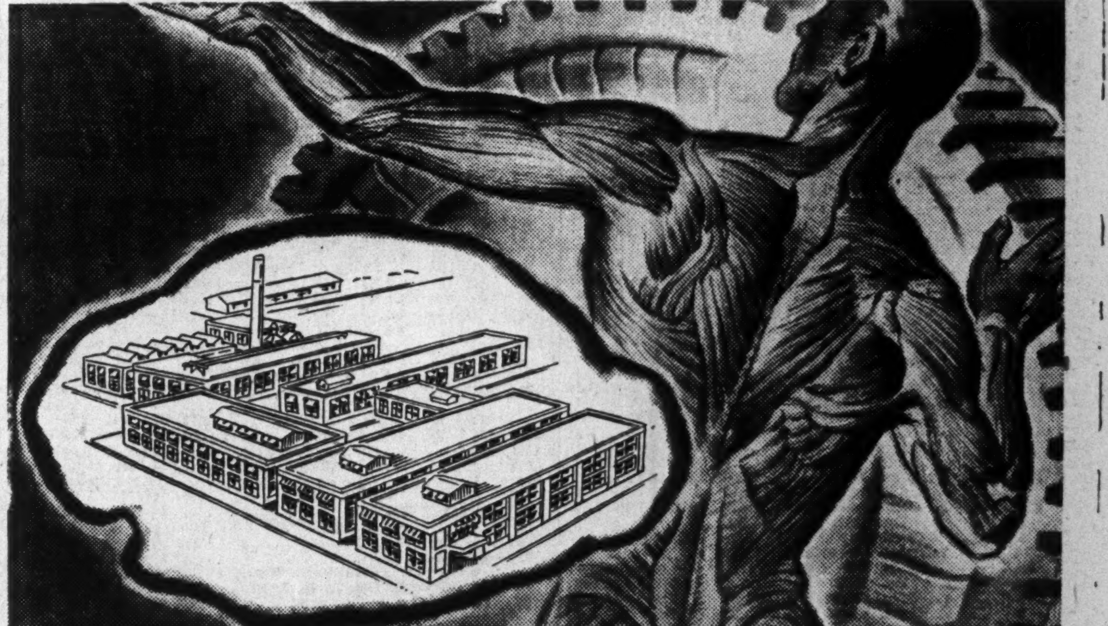

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Toronto and Montreal Exchange

The Week's Quotations

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING SEPTEMBER 11

[illegible]

Mining Stocks

Week Ending September 11.

[illegible]

Oil Stocks

[illegible]

Vancouver Stocks

[illegible]

Oil Quotations

[illegible]

1	.12	.04	Spooner		(.09 July 28)		
25c.	.41	.30	Sunset Oil	2,600	.40	.39	.36	.37
No	.16	.06½	United	2,500	06½	.08½	.08	.08
No	.13	.04	Vanalta	1,100	.04½	.06	.05	.06
1	.90	.35	Vulcan	800	.35	.55	.51	.55
No	.07½	.05	West Flank		(.05 Aug. 12)		

Winnipeg Stocks

(Transactions from Sept. 4 to Sept. 9)

	Sales	High for period	Low for period	Close Sept. 9
Central Manitoba	4,500	.03	.02½	.02¾
Dom. Envelope, pf.	3	95.00	95.00	95.00
Federal Grain, pfd.	50	21.00	20.50	21.00
Flin Flon	6,500	.01¼	.01	.01
Great Falls M. & S.	500	.02	.02	.02
Gurney Gold	100	.04	.04	.04
Island Lake	3,000	.00½	.00½	.00½
Mosher Long Lac	4,500	.09	.09	.09
Ore Grande	5,250	.03	.02½	.03
Rice Lake	2,000	.01	.01	.01
Sachigo River	60	6.00	6.00	6.00
United Grain	5	6.25	6.25	6.25
Western Steel	35	7.00	5.50	7.00
Wings	15	.20	.20	.20
Do., Voting Trust	450	.25	.25	.25
Wingold	2,000	.03	.03	.03
Winnipeg River Tin	1,000	.01½	.01½	.01½

Stocks Not Traded in During Week

	Bid	Asked		Bid	Asked
Beaver Fire	75	..	Home Invest	..	13
Beaver Lum., c.	2	2⅝	N. Can. Mtge., pf.	2½	..
Beaver Lum., p.	90	95	North. Mtge.	1½	
Can. Indemnity	125	..	Tracers Bldg.	55	..
Cres. Creamery, p.	..	8	West. Grain, pf.		5
Dom. Envelope	2	3	West. Brew.	1.40	1.55
Fed. Grain, com.	1	1.90	Rel. Grain, p.	..	35

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Sept. 12	140,500	58,600	635,000	252,572
Sept. 11	159,000	51,900	432,000	236,258
Sept. 9	61,900	34,900	241,000	115,755
Sept. 8	162,900	58,300	503,000	146,072
Sept. 7	99,300	79,700	550,000	203,415
Sept. 6	107,700	116,700	840,000	350,935

Government Bonds

Sept. 12, 1939 (Supplied by Investment Dealers' Assoc. of Canada)

Dominion of Canada Bonds

%	Due	Bid	Ask	Approx. Yld.
1½	June '40	98¾	99¾	1.75
4½	Sept. '40	101½	102½	2.00
1	Mar. '41	98	99	1.67
5	Nov. '41	104½	105½	2.47
1½	May '42	97	98	2.25
2	June '42	98½	99½	2.20
3	Oct. '42	100½	101½	2.46
2½	June '43	99	100	2.50
5	Oct. '43	107	108	2.90
2	June '44	96	97	2.67
a2½	Jan. '44	99	101	b1.94
4½	Oct. '44	105½	106½	3.16
2½	Nov. '44	97½	98½	2.81
a2½	Aug. '45	100	101	b2.28
4	Oct. '45	101½	102½	b3.34
4½	Feb. '46	105½	106½	3.35
3½	June '49	95½	96½	3.70
3½	Oct. '49	96½	97½	3.80
3½	Nov. '51	94	95	3.77
a5	May '52	108½	109½	b1.34
4	Oct. '52	100½	101½	b3.83
3	June '55	91	92	3.66
4½	Nov. '56	101	103	b4.01
4½	Nov. '57	101½	103	b4.06
3	June '58	89½	90½	3.68
4½	Nov. '58	102½	103½	b4.04
4½	Nov. '59	103½	104½	b3.96
a4	Oct. '60	101	102	b3.77
a3½	Jan. '61	93½	94½	3.62
3½	June '66	92½	93½	3.62
a3e	Jan. '67	91½	93	3.39
a3e	Nov. '68	90½	92½	3.41
†3	Perpet'l.	83	84	3.57
Dominion Guaranteed Bonds				
Can. Nat'l. Railways:				
2	Feb. '43	97	98½	2.45
2½	Jan. '46	93	94½	3.20
3	May '44	99	100½	2.88

%	Due	Bid	Ask	Approx. Yld.
3	Dec. '50	91	92½	3.81
3	Feb. '53	90	91½	3.81
3	Jan. '59	89	90½	3.69
*4½	Sept. '51	104½	106½	3.81
*4½	Feb. '56	106	108	3.84
c4½	July '57	106	108	3.87
*4½	June '55	107½	109½	3.95
5	Feb. '54	108½	110½	4.04
*5	July '69	107½	109½	b3.78
*5	Oct. '69	109½	111½	b4.00
5*	Feb. '70	109½	111½	b4.05
Provincial Gov't. Bonds				
New Brunswick:				
3	Oct. '51	84	87	4.40
3½	Aug. '49	87	90	4.50
3½	June '56	85	88	4.52
c4	Nov. '47	94	97	4.43
c4½	Apr. '61	97	100	4.50
c5	Jan. '60	101	104	4.70
Nova Scotia:				
3	Jan. '52	86	89	4.14
3½	June '56	89	92	3.90
3½	Nov. '50	91	96	3.95
c4½	Sept. '52	100	103	b4.05
c4½	Nov. '60	101	104	4.21
c5	Mar. '60	103	106	4.55
Ontario:				
2½	May '45	96½	98½	2.79
3	Apr. '48	91	94	3.83
3	Nov. '50	90	93	3.78
3½	Nov. '51	91½	94	3.85
*4	June '62	99	101	3.95
4½	June '50	102	104	4.05
*4½	Jan. '62	102	105	4.15
5	Oct. '48	104	106	4.20
*5	Dec. '60	107	110	4.29
5½	July '46	105	107	4.30
Ont. Hydro Commission:				
3	Aug. '48	91	94	3.80
3½	Feb. '53	91½	93½	3.87
3½	Apr. '47	96	98	3.80
Prince Edward Island:				
3	Oct. '45	92	94	4.12
Quebec:				
3	Nov. '51	87	89	4.62

%	Due	Bid	Ask	Approx. Yld.
3	Nov. '51	84	86	4.32
3½	Mar. '48	88	90	4.88
3½	June '52	85	87	4.88
4	Mar. '52	95	97	4.38
4½	Aug. '58	95	98	4.49
4½	Jan. '63	98	100	4.56
Alberta:				
4	Dec. '54	47½	51½	d
4½	Oct. '51	54½	58½	d
c4½	Oct. '56	50½	54½	d
*5	Oct. '59	53½	57½	d
c5½	Apr. '52	54½	58½	d
6	Mar. '47	57	61	d
British Columbia:				
c4	Dec. '57	85	89	4.90
*4½	Jan. '51	90	94	5.23
c4½	Oct. '53	90	94	5.28
c5	Apr. '54	92½	96½	5.35
5½	Feb. '43	94½	98½	5.81
6	Feb. '47	96	100	6.00
Manitoba:				
c4	Dec. '57	76	80	5.77
c4½	Dec. '56	80	85	5.89
*3	Dec. '59	84	89	5.94
5½	Oct. '55	89	94	6.19
6	Apr. '47	92	96	6.60
Saskatchewan:				
4	Sept. '54	59	63	8.77
4	Nov. '60	57	61	7.75
c4½	Oct. '51	75	80	6.91
c4½	Mar. '60	61	65	8.90
5	Aug. '58	65	70	8.12
5½	Oct. '52	72	77	8.45
6	Mar. '52	76	81	8.49

*Payable Can., N.Y. & £. b–Calculated to call date giving lowest possible yield. c–Payable Can. & N.Y. a–Payable N.Y. †Callable on or after Sept. 15, 1966. d–Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e–Callable at a premium.

Unlisted Stocks

Sept. 12, 1939 (Furnished by A. J. Pattison Jr. & Co., Toronto)

Industrials:	Bid	Ask.
Acme Farm, p.	11	14
Andian National	32	..
Anglo C. Tel., A.	8	8½
Barrymore, pfd.	17½	..
B. C. Pulp, c.	10	12
Do., pfd.	35	..
B. C. Sugar	82	..
Burns & Co., A.	4	5
Do., B.	2½	3
Canada Tea, pf.	20	24
Can. Co-op. W'l.	6	..
Can. G'rich, c.	1½	..
C.I.L., A c.	222	..
Can. Ing. Rand	120	145
Can. Tube, 1st p	55	..
Chase, A. W., p	25	26
Claude Neon, p.	6½	7
Cons. Sales, B p.	..	78
Cope, Flour Unit	6½	7½
Dom. Wooll's., p	3½	..
Dunlop Tire, p.	21	22
Easy Washing, p	..	8
Fed. Grain, pfd.	22	25
Do., com.	1½	..
Goderich Elev.	6½	7
Guard. Realty, p	..	17
Guelph Carp., p.	97	101
Do., com.	10	11
Hayes Steel, c.	17	..
Do., pfd. ($10)	10½	10¾
Hi'land Dairy, p	73	..
Do., com.	2½	..
Kingston Sh, un.	11½	12½
Loblaw Inc., c.	10	10½
M'row Screw, p	96	101
Mt. Royal H., p.	2½	..
Neilson, Wm., c.	7½	..
Do., pfd.	102	..
N.B. Tel., c	12½	13½

	Bid	Ask.
N. Meth. Lry., p	58	62
Office Spec., p.	70	..
Ont. Tob., pfd.	20	23
Paterson, Wm., p	103	..
Prov. Paper, pfd	99	101
Reliance Gr., pf	32	35
Rob'tson, P. L., p	80	..
Rob. Cons. Cone	8	8½
Ruddy, E. L., p.	27	30
Seal O Sac (Can)	3½	4½
Stand. Fuel, c	1	2½
Do., pref.	49	51
Stedman Br., pf.	54	56
Tor. Carpet, c.	18	22
Do., pfd.	52	56
Un. F. Co-op.	2½	2¾
Un. Steel, A. pf.	22	23
Viceroy, p & rts.	23	24
West. Grain, pf	4	6
West Steel, c.	6	10
Weston Hold	..	6½
Trusts & Loan Stocks:		
Brit. Mtge.	152	155
Com. Fin., c.	2½	3½
Guaranty Tr.	96	100
Guelph & C., $50	53	55½
Lambton Loan	32½	35
London & West.	38	41
Sherbrooke Tr.	120	..
Sterling Trust	52	60
Traders Fin., B c	9	11
Do., A. pfd.	..	70
Trusts & Guar.	27	28
Waterloo Trust.	100	..
Insurance Stocks:		
Brit. Amer.	50	..
Canada Life	450	475
Confed., 30% pd.	140	150
Crown, fully pd.	280	..

	Bid	Ask.
Dominion Fire	134	..
D. of Can. Gen.	120	125
Empire, 25% pd.	..	8
Excelsior Life	58	63
Fed. F., 25% pd.	51	53
Great-West Life	225	245
Halifax Fire	20	21½
Imperial Life	290	310
Manufac. Life	235	242½
Monarch, 10% pd	22	24
Sov. L., 25% pd.	12½	..
Sun Life	350	385
Tor. General	5½	6
Western Assce.	49	51½
Theatre Stocks:		
Allens Kingst., p	60	65
Do., London, p.	50	56
Do, St. Cath., p	56	..
Do., Tor., p. c.	30	36
Mansf. Theat., p	30	33
Midland Prop., p	3	..
Para., Kitch., p	53	..
Do., Oshawa, c	11	13
United Amuse, A	..	16
Investment Trust Shares:		
Can. Investors	5½	6½
Deb. & Sec., pf.	70	..
Inv. Found. Unit	52	55
Sec's. Hold. pf.	17½	19
United Corp., A	21	23
Do., B	8½	9½
Power Issues:		
Can. W. N. Gas.	24	..
Do., pfd.	96½	98
Int. Util. 1.75 p	15	17
Do., 3.50 pfd.	29	34
Gt. Lakes Pr., p	100	101½
Mtl. Is. Pr., p.	20	..
Nor. Ont. Pr., p	95	97

Unlisted Mines

Toronto, Sept. 12, 1939

	Bid	Ask
Addingt'n	.03½	.04½
Albany R	.17	.20
Amorada	.01	.03
Anoki	.07½	.10
Arjon	.01	.03
Armistice	.01½	.02½
Argosy	.03	.04
Arno	.01½	.02½
Area	.03	.04
Athona	.03	.04
Barb Lar	.02	.03
Beresford	.19	.22
Big Mastr	.02	.03
Bilmac	.01½	.02½
Calder Bo	.01	.03
Camlaren	.01	.03
Capital R	.00½	.01½
Carinor	.05	.08
Central M	.02½	.03½
Cheminis	.03½	.04½
Cochen'r	.46	.49
Coin Lke	.02	.03
Cont Cop	..	.09
Cont Kirk	..	.06
Crescent	.03	.03½
Crowsh're	.05	.08
Dawson	.00½	.01½
Dayton	.04½	.05½
Delnite	.75	.85
Desants n	..	.15
Devon	..	.08
Dona Pt	.10	.12
Donwood	.07	.09
Dumico	.03½	.04

	Bid	Ask
Dunlop n	.01	.02
E Lacoma	.01	.02
Elmos	.14	.17
Faulken'	.00½	.01½
Flavrian	.00½	.01½
Fontana	..	.07
Frontier	.01½	.03
Galore	.01½	.02½
Gate Pat	.01½	.02
Golden G	.15	.17
Goldside	.01	.01½
Gordon L	..	.01½
Gorham	.02	.03
Granada	.01½	.03
Hallnor	5.50	6.00
Hiawa'a	..	.35
Hislop	.01	.02
Hoyle n	.16	.19
Hugh PaP	.04	.07
Hutch Lk	.02	.04
Jason	..	.37
Keora	..	.03
Kaw Cr	.01	.02
Kelrowe	..	.25
Kenricia	..	.17
Kewagam	.02	.03
Kiena	.10	.13
Kir Vit	..	.01
Kirk Gat	.01½	.03
Kirk Hun	..	.01
Lacoma	.01	.02
Lake Duf	.20	.23
Lake Gen	.15	.20
Lardego	.01½	.02½

	Bid	Ask
Lw Pete	.30	.40
Lucky Kir	..	.01
Magnet C	.53	.56
Magnet L	.11	.13
Martin Br	.02	.04
Martin M	..	.04
Margaret	..	.12
Mata Can	.03	.04½
Melba	..	.03
Mof Hal n	.02	.03
McGregor	..	.01½
McVit Kir	..	.01
Mooshla	..	.04
Mosher	.08½	.10
Mylamaq'	.00½	.02
Nat Mal	.15	.18
Negus	.50	.70
New Aug	..	.18
New Rib'	.02½	.03
Nickel O	.50	.70
Norbeau	..	.39
Norlake	.01½	.02½
Oklend	.07	.08
O'Leary	.01	.02½
Opemiska	.09	.11
Oriole	.01½	.02
Orpit	.02	.03
Ossian	.01	.02
Pascalis	..	.31
Payore	.01	.02
Porc Lake	.04	.06
Planet	.00½	.01½
Pontiac	.08	.10
Pelangio	.01	.02

	Bid	Ask
Polaris	.33	.35
Private'r	.88	.92
Propri'y	1.75	1.80
Presdor	.02½	.03½
Queb Man	.07	.10
Rand Mal	.06	.08
Red LGS	.01½	.02
Rhyolite	.03½	.04½
Rose Gld	..	.07
Rouyn Re	.00½	.01½
Sachigo	6.00	7.00
Shenango	.05½	.06½
Sheldon	..	.05
Siscoe Ex	.01½	.02½
Skynner	.05	.06
Smelter	.01½	.02½
Spooner	.04½	.06
Steep Rk	.95	1.05
Sunbeam	.04	.07
Sun Bear	.00½	.01
Surf Inlet	..	.18
Springer	.06	.08
Thomp L	.15	.18
Tonawa'a	.00½	.01
Union Mn	.03½	.04½
Up Cana	.47	.49
Walker Pt	.01½	.02½
Wesley	..	.01½
Wells LL	.12	.14
Westwood	..	.03½
Winoga cum rts	.04	.05
Woco	.08	.10
Y David'n	.18	.21

Montreal, Sept. 12, 1939

	Bid	Ask		Bid	Ask		Bid	Ask		Bid	Ask
Abbeyv'e	.03	.04	L Lag'n	.03	.05	Obalski	.04	.05	Tiblem't I	.02	.03
Brown B	.01	.02	L Rowan	.04½	.06½	Pan Can	.03	.04	Valdor M	..	.65
Chibmac	.01	.02	Leroy	..	.01	Routh'r C	..	.03	Warren'c	..	.05
Demp'y	.01	.02	Louvre	..	.01½						

Dividends Declared

	This payment	Date payable	Date of record
Agnew-Surpass, p.	$1.75	Oct. 2	Sept. 15
Assoc. Brew	20c	Sept. 30	Sept. 15
Do., pref.	$1.75	Oct. 2	Sept. 15
Asbestos Corp.	15c	Sept. 30	Sept. 15
Do., extra	15c	Sept. 30	Sept. 15
Amer. Cyan., A, B	15c	Oct. 2	Sept. 15
Brown Cons. Pet.	1¼c	Sept. 29	Sept. 21
Building Prod.	17½c	Oct. 2	Sept. 15
Bralorne Mines	20c	Oct. 14	Sept. 30
Do., extra	10c	Oct. 14	Sept. 30
Brant. Cord., pf.	32½c	Oct. 15	Sept. 20
Brit. Amer. Assur.	$1.50	Oct. 2	Sept. 27
B. C. Power, A	50c	Oct. 14	Sept. 30
Bell Telephone	$2	Oct. 16	Sept. 23
Brazilian Tr., p.	$1.50	Oct. 2	Sept. 15
Burlington Stl.	15c	Oct. 2	Sept. 15
Beld.-Cort.	$1	Oct. 1	Sept. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Bk. of N. Scotia	$3	Oct. 2	Sept. 15
Cent. Can. Loan	$2	Oct. 2	Sept. 18
Can. W. & C., A	$1	Dec. 15	Nov. 30
Carnation, 1st pfd.	$1.25	Oct. 2	Sept. 21
Cosmos Imp., pref.	$1.25	Oct. 14	Sept. 30
Can. Cottons	$1	Oct. 2	Sept. 15
Do., pref.	$1.50	Oct. 2	Sept. 15
Can. Indust., A, B	$1.75	Oct. 31	Sept. 30
Do., pref.	$1.75	Oct. 16	Sept. 30
Can. West'ghouse	37½c	Oct. 1	Sept. 20
Chartered Trust	$1	Oct. 2	Sept. 15
Canada Cement, p	$1.25	Sept. 20	Aug. 31
Can. Perm. Mtge.	$2	Oct. 2	Sept. 15
Can. Celanese	25c	Sept. 30	Sept. 15
Do., pref.	$1.75	Sept. 30	Sept. 15
Cariboo Gold	4c	Oct. 2	Sept. 7
Do., extra	1c	Oct. 2	Sept. 7
Can. North. Pwr.	30c	Oct. 25	Sept. 30
Do., pref.	$1.75	Oct. 16	Sept. 30
Can. Wire. Box. A	37½c	Oct. 1	Sept. 15
Can. Gen. Elec.	$1.50	Oct. 2	Sept. 15
Canada Cycle	25c	Sept. 30	Sept. 15
Do. 1st pfd.	$1.25	Sept. 30	Sept. 15
Can. For. Inv., p.	$2	Oct. 1	Sept. 15
Central Patricia	4c	Sept. 30	Sept. 15
Do., extra	1c	Sept. 30	Sept. 15
Canadian Oil, pfd.	$2	Oct. 2	Sept. 20
Celanese of Am. p	$1.75	Oct. 1	Sept. 19
Cons. Bakeries	25c	Oct. 2	Sept. 18
Consumers' Gas	$2.50	Oct. 2	Sept. 15
Canada Packers	75c	Oct. 2	Sept. 15
Can. Canners, pf.	25c	Oct. 2	Sept. 15
Do., 2nd pref.	15c	Oct. 2	Sept. 15
David & Frere, A	15c	Sept. 30	Sept. 15
Do., bonus	10c	Sept. 30	Sept. 15
Dom. Tar, pref	$1.37½	Nov. 1	Oct. 12
Dom. Oilcloth	30c	Oct. 31	Oct. 16
Dom. Textile	$1.25	Oct. 2	Sept. 15
Do., pref.	$1.75	Oct. 16	Sept. 30
Distillers Seag., p.	$1.25	Nov. 1	Oct. 16
Dom. Coal, pf.	37c	Oct. 2	Sept. 15
Dom. Glass	$1.25	Oct. 2	Sept. 15
Do., pref.	$1.75	Oct. 2	Sept. 15
Fanny Farmer	37½c	Oct. 2	Sept. 15
Frontier Rylts.	▲	Oct. 3	Sept. 20
Falconbridge N.	7½c	Sept. 29	Sept. 12
Famous Players	25c	Sept. 30	Sept. 15
Four Star Pet.	1c	Sept. 29	Sept. 21
Ford Motor, A, B	25c	Sept. 16	Aug. 26
Gatineau Pwr., c	20c	Sept. 30	Sept. 1
Do., pref.	$1.25	Oct. 1	Sept. 1
Do. pref.	$1.37½	Oct. 1	Sept. 1
Greening Wire	15c	Oct. 2	Sept. 15
God's Lake Gold	*5c	Oct. 1	Sept. 15
Goodyear Tire	62c	Oct. 2	Sept. 15
Do. pref.	62½c	Oct. 2	Sept. 15
Gt. West Life	$3.75	Oct. 2	Sept. 20
Hinde & Dauch	12½c	Oct. 2	Sept. 15
Huron & E. Mtge.	1%	Oct. 2	Sept. 15
Do., 20% paid	20c	Oct. 2	Sept. 15
Ham. Cottons, pf.	50c	Oct. 1	Sept. 15
Ham. Un. Theat., p.	$1.50	Sept. 30	Aug. 31
Imperial Tob., ord.	10c	Sept. 30	Sept. 8
do., pref.	3%	Sept. 30	Sept. 8
Int. Nickel	50c	Sept. 30	Aug. 31
Inter. Nickel, pfd.	$1.75	Nov. 1	Oct. 2
Inter. Mining	10c	Sept. 20	Aug. 31
Inter. Power, p.	$1.50	Oct. 2	Sept. 15
Kelvinator	50c	Sept. 28	Sept. 18
Lang J. A.	17½c	Oct. 2	Sept. 15
Lava Cap G. M.	3c	Sept. 30	Sept. 19
Lamaque Gold	10c	Oct. 2	Sept. 8
Do., extra	2c	Oct. 2	Sept. 8
Landed Bkg.	$1	Oct. 2	Sept. 15
McColl-Front., pf.	$1.50	Oct. 14	Sept. 30
Moore Corp., c.	40c	Oct. 2	Sept. 7
Do., pref. A & B	$1.75	Oct. 2	Sept. 7
Mitchell, J. S., p.	$1.75	Oct. 2	Sept. 15

Municipal Bonds

Sept. 12, 1939

†Halifax	5	1961	99.00	102.00	4.85
Hamilton	5	1950	102.30	104.30	4.50
Montreal	5	1945	92.00	95.00	6.10
Ottawa	4½	1945	101.90	103.90	3.75
†Quebec	5	1959	98.00	102.00	4.84
Saint John	5	1950	99.00	102.00	4.77
†Toronto	4½	1955	99.70	101.70	4.35
†Vancouver	5	1950	93.00	98.00	5.25
Winnipeg	5	1944	95.00	100.00	5.00

†Payable Can. and N.Y.

Public Utility Earnings

Mexican Light and Power

	1939 $	1938 $	Decrease $
July—			
Gross earn.	542,004	612,004	70,000
Oper. exp.	476,863	488,942	12,079
Net earn.	65,141	123,062	57,921
Seven Mos.—			
Gross earn.	4,160,095	4,932,128	772,033
Net earn.	646,795	1,295,524	648,729

Dividends Declared (Cont'd)

Marcus Loew's, p.	$1.75	Sept. 30	Sept. 16
Do., arrears	$1.75	Sept. 30	Sept. 16
Moneta Porc.	3c	Oct. 14	Sept. 30
Mtl. C. & D. Sav.	$3	Oct. 2	Sept. 15
Nan.-Dun. Util., p.	81¼c	Sept. 1	Aug. 15
Nat. Grocers, p.	37½c	Oct. 2	Sept. 15
National Trust	$2	Oct. 2	Sept. 20
N. S. L. & Pr., ord.	$1.50	Oct. 1	Sept. 16
Nat. Steel Car	50c	Oct. 14	Sept. 30
Niagara Wire	25c.	Oct. 2	Sept. 15
National Brew.	50c	Oct. 2	Sept. 15
Do., pref.	44c	Oct. 2	Sept. 15
Ont. Loan & Deb.	$1.25	Oct. 2	Sept. 18
Ogilvie Flour, c.	25c	Oct. 2	Sept. 11
Ottawa L. & Pr.	25c	Oct. 2	Sept. 11
Do., pref.	$1.25	Oct. 2	Sept. 18
Page Hersey	$1	Oct. 2	Sept. 30
Power Corp., pf.	$1.50	Oct. 16	Sept. 30
Do., 2nd pref.	75c	Oct. 16	Aug. 31
Pioneer Gold	10c	Oct. 2	Sept. 1
Perron Mines	4c.	Sept. 21	Sept. 1
Do., extra	1c.	Sept. 21	Sept. 15
Petrol Oil	2c	Sept. 30	Sept. 15
Pickle Crow	10c	Sept. 30	Sept. 15
Porto Rico Pwr. p.	$1.75	Oct. 2	Sept. 18
Premier Gold	3c	Oct. 16	Sept. 21
Royal Crest Pete.	1c	Sept. 29	Sept. 15
Riverside Silk, A	50c	Oct. 2	Sept. 15
Russell Ind.	$1.75	Sept. 30	Sept. 15
Do., pref.	$1.75	Sept. 30	Sept. 11
Rem. Rand pf.	$1.12½	Oct. 2	Sept. 11
Do., c	20c.	Oct. 2	Sept. 16
Simon, H. & Sons	15c	Sept. 30	Sept. 16
Do., pref.	$1.75	Sept. 30	Sept. 20
Stedman Bros.	15c	Oct. 2	Sept. 20
Do., pref.	75c	Oct. 2	Sept. 30
Smith, H. Pap. pf.	$1.50	Oct. 16	Aug. 19
Sylvanite Gold	5c	Sept. 30	Sept. 20
Sundance Rylts.	▲	Oct. 3	Sept. 15
Sun Life	$3.75	Oct. 2	Sept. 20
South. Can. Pr., P.	$1.50	Oct. 16	Sept. 15
Stand. Steel, A pf.	75c	Oct. 1	Sept. 20
St. Law. Flour, c.	†50c	Oct. 2	Sept. 30
Sheep Creek G.	4c	Oct. 14	Sept. 30
Do., extra	1c	Oct. 14	Sept. 15
Sher. Williams p.	$1.75	Oct. 2	Sept. 16
Silverwoods, p.	20c	Oct. 2	Sept. 14
Tamblyn	20c	Oct. 2	Sept. 14
Do., pref.	62½c	Oct. 2	Sept. 8
Teck-Hughes	10c	Oct. 2	Sept. 8
Do extra	3c	Oct. 2	Sept. 21
Three Point Pet.	1c	Sept. 29	Sept. 16
Tor. Gen. Trusts	$1	Oct. 2	Sept. 15
Toronto Mtge.	$1.50	Oct. 2	Sept. 20
United Fuel, A p.	75c	Oct. 2	Sept. 20
Viau, pref.	$1.25	Oct. 2	Sept. 21
Vulcan Brown	1c	Sept. 29	Sept. 27
West. Assur., c.	$1.20	Oct. 2	Sept. 20
West. Grocers	75c	Oct. 15	Sept. 20
Do., pref.	$1.75	Oct. 15	Sept. 15
Weston, Geo., c.	20c	Oct. 2	Oct. 15
W'minster Paper	25c	Nov. 1	Sept. 15
Wilsil	25c	Oct. 2	Aug. 25
Wr.-Hargreaves	10c	Oct. 2	Aug. 25
Do., extra	5c	Oct. 2	

*Initial. †Bonus. ▲Rate not yet declared.

Mining Dividends

		Close Sept. 11	Yield %
Beattie Gold	15c	.99½	15.0
Bralorne	80c+40c	9.25	*12.9
Buffalo Ankerite	$1	5.75	17.4
Bulolo Gold	$3	18.00	16.6
Can. Malartic	9c	.55	16.4
Cariboo Gold	16c+5½c	1.75	*12.3
Central Patricia	16c+5c	2.15	*9.7
Coniagas	25c	1.25	..
Coniaurum	15c	1.20	..
Cons. Smelters	$1+$1	51.00	*3.9
Dome Mines	$2	23.50	8.5
Falconbridge	30c	5.50	5.4
God's Lake	†5c	.41	..
Goldale	†2c	.15	..
Gunnar Gold	6c	.42	14.3
Hedley Mascot	12c+4c	.30	..
Hollinger	65c+45c	12.00	*9.1
Howey Gold	3c	.27	..
Hudson Bay	$1.50	30.50	4.9
Inter. Mining	40c	9.87	4.1
Inter. Nickel, com.	$2	50.00	4.0
Island Mountain	10c	.80	12.5
Kerr Lake	5c	.30	..
Kirkland Lake	8c+2c	1.14	*8.8
Kootenay Belle	16c+4c	.65	..
Lamaque Gold	40c+17c	6.10	*9.3
Lake Shore	$4	31.50	12.7
Lava Cap M.	11d	.70	..
Leitch	8c	.65	12.3
Little Long Lac	30c	2.60	11.5
Macassa	20c+7½c	3.85	*7.1
McGillivray Coal	3c	.21	..
McKenzie Red Lake	12c	1.04	11.5
Moneta	12c	.75	16.0
McIntyre Porc.	$2	46.00	4.3
Nipissing	15c	1.15	..
Noranda	$4	71.63	5.6
North Empire	80c	7.75	10.3
O'Brien Gold	†10c	1.55	..
Pamour Porc.	8c	1.85	..
Pato Cons.	10c	2.30	..
Paymaster	2c	.31	..
Perron Gold	16c+1c	1.36	*10.9
Pioneer, B.C.	40c	2.00	..
Pickle Crow	40c	4.00	10
Placer Develop.	$1.20	10.50	11.4
Premier	12c	1.27	9.4
Privateer Mine	20c+2c	.87	..
Quebec Gold	†2c	.25	..
San Antonio	14c	1.49	9.4
Sheep Creek	16c+3c	1.40	*17.2
Silbak Prem.	12c	1.00	12.0
Siscoe	12c	.88	.
Sudbury Basin	5c	2.25	..
Sullivan Cons.	5c	.64	..
Sylvanite Gold	20c+5c	2.75	*9.1
Teck-Hughes	40c+5c	3.90	*11.5
Toburn	8c+6c	1.40	*10.0
Ventures	15c	4.60	..
Wright-Harg.	40c+30c	6.70	*10.4

*Yield including bonus. †Initial.

Canadian Employers Prepare To Protect Recruits' Jobs

Guarantee of Position on Return From War Service Given by Many Private and Public Institutions—Some Make Up Differences in Pay

With Canada at war, the contribution of Canadian business to the nation's effort will be of wide scope. Recent attention has been focused on the part the Dominion will play in providing supplies and equipment for the fighting forces. Later announcements and the record of the last war give assurance, however, that business interests will go far beyond this.

Realizing that men are just as important as munitions and supplies, Canadian business is already showing its readiness to smooth the way of the Government in raising the necessary forces. Already a number of announcements have been made, indicating that those who enlist for military service need not worry about getting their jobs back when they have disposed of Mr. Hitler.

Will Retain Jobs

The Ontario Government, the Canadian National Railways, the Toronto Hydro-Electric Commission and the Toronto Transportation Commission and the Township of York have announced that they will give leave of absence, with their jobs and seniority protected, to any employee called to military service. The T. Eaton Co. Ltd. and Simpsons Ltd. have decided that in the case of such enlisting employees, who are married or have dependents, they will make up the difference between the army pay and their regular wages. In the case of single men, without dependents, the two stores will make up the difference between their army pay and three quarters of their present salary. This plan is to remain in force for one year.

The Bank of Montreal has announced to its staff that it will give leave of absence to any employee enlisting, will pay him a month's salary, keep up the bank's contributions to the pension fund and maintain his group insurance. Other banks are considering what action they will take. In general it is expected that leave of absence will be given with such further provision as may be decided on.

The Sun Life Assurance Co. has announced that in the case of married men or single men with dependents it will pay an allowance equal to the difference between the salary paid by the company and the pay received for national service. Allowances to single men without dependents will bring the company and service pay up to two thirds of the regular monthly salary paid by the company. In all cases full salary without deduction will be paid during the first month. Seniority will be maintained and retirement allowances and death benefits also.

Permanent employees of the Ontario Paper Co. at Thorold and its subsidiaries who enlist voluntarily will be reinstated in the company's employ on their return. Married men and single men with dependents will be paid the difference between their army pay and their salary. Single men will be paid half the difference if they have no dependents.

Jas. A. Ogilvy's Ltd., Montreal, will pay men with dependents the difference between their army pay and their salary from the firm for one year. Men without dependents will have their army pay made up to three quarters of their Ogilvy pay at the time of enlistment. In addition full pay will be granted for four weeks after enlistment, while seniority of the employees will also be protected.

The Canadian Pacific Railway will give leave of absence to any man enlisting and protect his seniority rights.

The Calgary Gas Co. will give leave of absence and service with the forces will count for seniority. Retirement pensions and life insurance contributions will be carried by the company. In the case of men with dependents where the army pay is insufficient the company will make up whatever is necessary to enable the family to keep up its normal standard of living. The Hudson Bay Mining and Smelting Co. will take back all men enlisting on their honorable discharge.

The course followed by many municipalities in the country is to hold open the jobs for the men when they come back, without any loss of seniority. In addition some are making special allowances to bring the army pay up to the average of the men's civilian pay. St. Catharines has done this. St. Thomas follows the same plan and will make up differences in pay. Police of London, Ont., will get part of their salaries paid by the city. Hamilton will retain a man's job for him and give a month's salary. Winnipeg and Peterborough have promised their employees their jobs back.

The Montreal Light, Heat and Power Cons. will grant leave of absence with seniority rights protected.

The Imperial Bank has tentatively arranged to give every man enlisting leave of absence and a month's salary.

The Confederation Life Association is guaranteeing each man a job on his return and will keep up both the company's and the individual's contributions to the pension fund.

This is in line with the policy followed by many concerns when war broke out in 1914. The assurance that a man's dependents would not have to reduce their standard of living when the head of the house enlisted greatly stimulated recruiting. Unfortunately, however, when the last war broke out Canadian business was in a depressed condition and the dislocation of trade and industry resulting from the declaration of war resulted in many firms cutting staff and wages. Later it came to be realized that the maintenance of as full employment as was at all possible was a patriotic duty and in some cases factories reopened.

Specific instances of companies giving assistance to their employees who enlisted may be mentioned the Christie, Brown Co., of Toronto, which paid the salaries of its employees at the front. The Massey-Harris Co. gave each employee at the front $50 and a guarantee of his position when he returned. The T. Eaton Co. followed a course somewhat similar to the present one, as also did Simpsons.

Canadian Pacific Railway

The Canadian Pacific Ry. granted full pay for six months and half pay for three months to those enlisting early in the war and six months full pay to those enlisting later. The Consumers' gas of Toronto undertook to supplement the income of the men who enlisted so that there would be no hardship to their dependents and so that there would be no need for them to draw from the Patriotic Fund.

The Norwich Union Insurance Society in Canada made up the difference between the army pay and the regular salary of any employee who enlisted.

Practically every company guaranteed employees their positions when they returned with no loss of seniority. This practice was followed by the banks and insurance companies which gave leave of absence to any men enlisting so that they would still be members of the staff and their position as regards pension not be affected.

Realizing that the prevailing conditions curtailed the avenues of employment and that many of the dependents of those who did give up good positions to go to war would have to accept a lower standard of living than that to which they were accustomed, a group of representative men incorporated The Patriotic Fund, the object of which was to collect a fund to assist, in case of need, the wives, children or other dependent relatives of soldiers or sailors of whatever rank on active service. By the end of 1914 this fund had reached a total of $6 millions.

Contributions of many business concerns, banks, insurance and trust companies ranged from $10,000 up to $100,000. Prominent business and financial men gave their time and effort to the campaign.

Raised $1.5 Million in Montreal

In Montreal a drive started in September, 1914, to raise $1 million, resulted in a total of $1.5 million being subscribed. Names connected with the campaign included J. K. L. Ross who contributed $500,000 to the Patriotic and other funds, W. M. Birks, H. B. Ames, later Sir Herbert Ames, M.P., and J. W. Ross. A team, headed by J. W. McConnell, raised $227,819. At the same time, the Montreal Water and Power Co. gave a rebate valued at $15,000 on all water taxes of families having members at the front. In Toronto collections by the middle of November amounted to $1 million. Sir William Mulock, E. R. Wood, and Fred Nicholls were among the names of Toronto men active in raising and administering the fund. The Canadian Red Cross Society, under the chairmanship of Colonel Noel Marshall, received much support in money and effort from Canadian businessmen as did the Belgian Relief fund raised to help the country which had suffered so severely in the early weeks of the war.

But there were many Canadian industrialists who wanted to have a closer connection with the actual fighting forces. This resulted in offers to raise and equip various military units.

P. P. C. L. I.

First of these was that by Major Hamilton Gault, member of a well-known Montreal family, who raised the Princess Patricia's Canadian Light Infantry, and contributed $100,000 toward expenses while the Government did the rest. This regiment, called after the daughter of H.R.H. the Duke of Connaught, then governor-general of Canada, was composed at the outset entirely of men who had seen war service previously. It was the first Canadian combatant unit to reach France, joining a British division there in December, 1914. As its ranks were thinned it was later reinforced by drafts from the Canadian Universities. Major Gault went to France with his regiment as second in command. Other offers followed in quick succession.

Honorable Clifford Sifton, one-time Minister of the Interior at Ottawa, offered to equip a battery of light guns mounted on armored motor cars. John C. Eaton, later Sir John Eaton, offered $100,000 to buy and equip a battery of Vickers quick-firing machine guns mounted on armored trucks, with in addition the use of his steam yacht and his Marconi station at Toronto. C. B. Gordon, president of the Dominion Textile Co. (later Sir Charles Gordon), offered his steam yacht and crew for any required service. Fred Nicholls, later Senator Nicholls, president of the Canadian General Electric Co., offered to raise, equip and pay a corps of 25 trained electricians for war service.

In some cases the unit or gift proposed could not be fitted into the official scheme of affairs and the offer was actually accepted or used in some other way.

Bank of Montreal Presidents

Other donations of this character included an armored gun battery by C. B. Gordon, H. V. Meredith and H. R. Drummond. These three names are all closely associated with the Bank of Montreal, the first two as Sir Vincent Meredith and Sir Charles Gordon, both deceased, having held the position of president, while H. R. Drummond was recently elected to that position on the death of Sir Charles Gordon. M. B. Davis, cigar manufacturer, offered a squad of motor cycles, while J. W. Doyle, of the Canadian Klondike Company, sent a detachment of 50 men with equipment for a machine gun at a total cost of $75,000. Aemilius Jarvis in Toronto raised 700 men for the naval services. Sir Adam Beck, first chairman of the Ontario Hydro Power System, gave his efforts to supplying horse remounts for the Canadian and British forces. Later contributions by businessmen include the names of the late Sir William Price, of Quebec, who recruited the 171st battalion; Lt.-Col. J. L. McAvity, of Saint John, N.B., and Col. H. H. McLean, of Rothsay, N.B., who were in charge of recruiting operations in the Maritime Provinces. Pat Burns, Calgary Cattle King, offered $50,000 to aid equip the Legion of Frontiersmen which had tendered 500 veterans to Ottawa, but needed $300,000 for complete equipment.

Miscellaneous contributions were numerous and varied. Some of them were as follows: Wm. Neilson Ltd., of Toronto, presented the Government with 65,000 bars of chocolate for use of the troops at Valcartier. The Paton Manufacturing Co., of Sherbrooke, Que., gave 1,000 lb. of yarn to the I.O.D.E. for knitting purposes. J. Stewart, a Vancouver contractor, offered the minister of militia $15,000 with which to equip the 72nd Highlanders. Farmers offered gifts of grain and other supplies. R. J. Hutchings, of Winnipeg, offered to equip 500 Legion of Frontiersmen and George Creighton, an Alberta rancher, gave a carload of horses to the war office. Brandram-Henderson Ltd. offered the Government 40,000 lb. of white lead for the use of Canadian warships and the Chesebrough Manufacturing Co. gave a large quantity of vaseline for the troops. H. Cockshutt, of Brantford, gave a carload of wagons.

Various insurance companies looked after the insurance of employees who enlisted and at the beginning eliminated war clauses in policies which would have caused a policy to lapse.

The Cowan Co. of Toronto gave 5,000 lb. of chocolate for the soldiers; the B. C. Fruit Growers Association 100,000 barrels of apples.

DIVIDEND NOTICES

DIVIDEND
Chartered Trust and Executor Company

Notice is hereby given that a dividend of 1% has been declared on the paid-up Capital Stock of Chartered Trust and Executor Company for the quarter ending September 30th, 1939, payable October 2nd, 1939, to shareholders of record at the close of business September 15th, 1939.

By Order of the Board.

E. W. McNEILL,
Secretary.

Dated at Toronto, August 17th, 1939.

Canadian Celanese Limited

1401 McGill College Avenue,
MONTREAL, P.Q., CANADA

September 5, 1939.

The Board of Directors has this day declared the following dividends:

Seven per cent cumulative participating preferred stock.

One dollar seventy-five cents ($1.75) per share, which shall be deemed to be for the three months period from July one, nineteen thirty-nine, to September thirty, nineteen thirty-nine, payable September thirty, nineteen thirty-nine, to stockholders of record at the close of business September fifteen, nineteen thirty-nine.

Common Stock

Twenty-five cents (25c) per share payable September thirty, nineteen thirty-nine, to stockholders of record at the close of business September fifteen, nineteen thirty-nine.

H. BLANCKE,
Secretary.

The Sherwin-Williams Company of Canada, Limited

Notice is hereby given that the One Hundred and Sixth Quarterly Dividend of One and Three-quarters per cent. (1¾%), being at the rate of Seven per cent. (7%) per annum for the Quarter ending November 30, 1937, on the Preferred Stock of the Company, has been declared payable to Shareholders of record the 15th day of September, 1939, and that cheques will be mailed October 2, 1939.

Books not closed.

By order of the Board,

P. W. HOLLINGWORTH,
Secretary-Treasurer.

Montreal, Que., September 7, 1939.

Ottawa Light Heat and Power Company, Limited

Quarterly dividends as follow are payable 2nd October, 1939, to Shareholders of record 11th September, 1939: **Preferred Stock:** 1¼% (being at the rate of 5% per annum). **Common Stock:** Twenty-five cents (25 cts.) per share on the No Par Value shares. The transfer books will not be closed. By Order of the Board.

F. W. FEE, Secretary.

OTTAWA, 6th September, 1939.

Sun Life Assurance Company of Canada

Head Office: Montreal

Stock Transfer Department

Notice is hereby given that a dividend of three dollars seventy-five cents ($3.75) per share on the capital stock of the Company has been declared for the quarter ending September 30th, 1939, and will be paid on October 1st, 1939, to shareholders of record at the close of business on September 15th, 1939.

The stock transfer books of the Company will be closed from September 16th to September 30th, both dates inclusive, for the preparation of the above dividend.

By Order of the Board,

F. J. CUNNINGHAM,
Secretary.

The Toronto Mortgage Company

Quarterly Dividend

Notice is hereby given that a dividend of $1.50 per share, upon the paid-up Capital Stock of this Company, has been declared for the current Quarter, and that the same will be payable on and after

2nd October, 1939

to Shareholders of record on the books of the Company at the close of business on 15th instant.

By order of the Board,

WALTER GILLESPIE,
Manager.

7th September, 1939.

Wanted:
DOM. WOOLEN BONDS
A. J. PATTISON JR. & CO.
Established 1907
Royal Bank Bldg.
El. 3101 TORONTO

DIVIDEND NOTICES

BRALORNE MINES LIMITED

(Non-Personal Liability)

NOTICE is hereby given that a Quarterly Dividend of 20 cents per share and an Extra Dividend of 10 cents per share have been declared on the paid-up capital stock of the company, payable on the 14th day of October, 1939, to shareholders of record as of September 30th, 1939.

By order of the Board.

RONALD GRACE,
Secretary-Treasurer.

Vancouver, B.C.
Sept. 5th, 1939.

Canadian Breweries Limited

Dividend Notice

Notice is hereby given that a dividend of fifty cents (50c) per share on the Cumulative Sinking Fund Convertible Preference Shares of the Company has been declared payable on the 2nd day of October, 1939, to Shareholders of record at the close of business on the 20th day of September, 1939.

By Order of the Board.

W. C. BUTLER,
Secretary.

Toronto, Ontario,
September 13, 1939.

Moneta Porcupine Mines Limited

(No Personal Liability)

DIVIDEND No. 5

NOTICE is hereby given that a dividend of three cents per share has been declared by the Directors of Moneta Porcupine Mines Limited (No Personal Liability) payable in Canadian funds on October 14th, 1939, to Shareholders of record September 30th, 1939.

By order of the Board.

H. B. CLEARIHUE,
Secretary-Treasurer.

Toronto, Ontario,
September 8th, 1939.

Silverwood Dairies, Limited

DIVIDEND NOTICE

PREFERRED DIVIDEND No. 4

Notice is hereby given that a dividend of twenty cents (20c.) per share has been declared on the Preferred Shares of the Company, for the current six months' period, payable October 2nd, 1939, to Shareholders of record at the close of business on September 16th.

By Order of the Board,

J. H. GILLIES,
Secretary-Treasurer.

London, Ontario,
Sept. 6th, 1939.

McCOLL-FRONTENAC OIL COMPANY LIMITED

Preferred Stock Dividend No. 47.

NOTICE IS HEREBY GIVEN that a dividend of $1.50 per share being at the rate of 6 per cent. per annum has been declared on the 6 per cent. cumulative Preferred Stock of McColl-Frontenac Oil Company, Limited, for the quarter ending September 30th, 1939, payable October 14th, 1939, to shareholders of record at the close of business September 30th, 1939.

By Order of the Board.

FRED HUNT,
Secretary.

August 30th, 1939.

Western Grocers Limited

NOTICE OF DIVIDENDS

Notice is hereby given that the following dividends have been declared:

On the Preference Shares, 1¾% for the current quarter, payable October 15th, 1939, to shareholders of record September 20th, 1939.

On the Common Shares, 75c per share, payable October 15th, 1939, to shareholders of record September 20th, 1939.

By order of the Board.

W. P. RILEY,
President.

DIVIDEND NOTICES

Provincial Paper Limited

Notice is hereby given that regular Quarterly Dividend of 1¾% on Preferred Stock has been declared by PROVINCIAL PAPER LIMITED, payable October 2nd, 1939, to Shareholders of record as at close of business September 15th, 1939, in Canadian Funds.

W. S. BARBER,
Secretary-Treasurer.

Toronto, Ontario.

Investment Foundation Limited

Preferred Dividend No. 42

NOTICE is hereby given that a Dividend of 75 cents per share (being at the rate of 6% per annum) and a further dividend of 25 Cents per share on Account of Arrears of Preferred Dividends accrued, have been declared on the Cumulative Convertible Preferred Stock of this Company, for the Quarter ending September 30, 1939, payable October 16, 1939, to shareholders of record September 30, 1939.

By Order of the Board.

R. M. BROWN,
Secretary-Treasurer.

SHEEP CREEK GOLD MINES LIMITED

(Non-Personal Liability)

Notice of Dividend No. 14.

Notice is hereby given that a Quarterly Dividend of four cents per share and a special bonus of one cent per share have been declared on the paid-up Capital Stock of the Company, payable on the 14th day of October, 1939, to shareholders of record at the close of business on the 30th day of September, 1939.

Persons holding certificates not registered in their name, commonly known as "street" certificates, should have them registered in their name by the Company's transfer agents, Prudential Trust Company Limited, at their office, 475 Howe Street, Vancouver, B.C., or at their office, 217 Bay Street, Toronto, Ontario, on or before 30th September next.

By Order of the Board.

James Anderson,
Secretary.

Vancouver, B.C.,
September 8, 1939.

BRITISH COLUMBIA POWER CORPORATION, LIMITED

DIVIDEND No. 45

NOTICE is hereby given that a dividend of Fifty cents (50c) per Share on Class "A" Shares has been declared for the three months ending September 30th, 1939, payable by cheque dated October 14th, 1939, to shareholders as of record at the close of business on September 30th, 1939. Such cheque will be mailed on October 12th, 1939, by the Montreal Trust Company from Vancouver.

By Order of the Board,

ERNEST ROGERS,
Secretary.

Vancouver, B.C.
August 31st, 1939.

Week in Wheat

Interruption of Buying Checks Wheat's Advance

Overseas Importers Delay Purchases Till Ocean Shipping Situation Clears — Part of First Rapid Gain Lost — Surplus Situation Altered

From Our Own Correspondent

WINNIPEG.—The fact that wheat prices have lost a part of the speedy gains made at the outbreak of war does not mean that the majority of observers have lost their belief in substantially higher prices before the crop year is out. Weakness has primarily resulted from dislocation of business, and an interruption of buying for overseas shipment, until the ocean shipping situation becomes clearer. Both Chicago and Winnipeg markets could use more speculative buying to advantage, but the margin limitations made effective on both markets, 20 cents being required in Chicago and 30 cents in Winnipeg, are severely limiting the extent of such buying. In neither market is there enough to help bridge the gap until the demand for wheat for export improves.

Market Still Unsettled

It must also be admitted that buyers have been somewhat discouraged from entering by the large interest of both the U. S. and the Canadian Governments in wheat. To some extent also, although perhaps it has not been very great, investment buying in each market has been deterred by public and private utterances in discouragement of making wartime profits. There has also been a feeling that the Government of Canada might act to prevent wheat going too high. It would appear that a wartime market, like most warlike activities, requires a certain length of time to gather its strength.

* * *

No Payment on '38 Certificates

Farmers are taking good care of the participation certificates issued to them by the Wheat Board this year, and expect that these will have a considerable value. It does not appear, however, that participation certificates issued last year are likely to benefit.

The Winnipeg market has for only a brief period been higher than the 80-cent basis which applied to Wheat Board initial payments last year. Government losses on wheat actually sold must have amounted to from $30 millions to $40 millions The Government must have been the owner of close to 100 million bushels of wheat at the end of last July. All this would have to be sold at an average pri basis well above $1 per bushel at Fort William before the Government loss would be wiped out. Farmers, far from expecting a payment on last year's participation certificates, have been relieved by the Government announcement that profits made on the 1939 crop would be available for distribution to farmers, and could not be used to offset losses incurred in marketing the past year's crop.

* * *

Surplus Situation Altered

While there is no scarcity of wheat, the surplus situation, which a few weeks ago drove international prices for a time to the lowest levels in history, has completely altered. Not only is wheat being consumed in enormously increased quantities, as a result of vastly expanded armed forces, but Australian, Argentine and Black Sea wheats in store, Europe or afloat, are disappearing, because shipping is not available.

True, the Canadian crop is now certainly much larger than earlier anticipated. Most estimates of western production run well ahead of the official Canadian Government estimate of 422 million bushels, and although 450 million bushels is the highest estimate yet published, some observers expect that total to be surpassed.

But such increase in supply as has been recorded is small in comparison with the increased need, and the quantities rendered unavailable for importing countries.

Prices are yet so extremely low, as compared either with production costs, or previous price history, that the expectation of a higher level as adjustment is gradually made to war conditions, seems a reasonable expectation.

C.S.L. Profits Down to Date

Freight Business Holds Up But Passenger Traffic Is Down

From Our Own Correspondent

MONTREAL.—Earnings of Canada Steamship Lines in the current year to date are somewhat lower than last year, but it is too early to predict final results.

Results for the year will depend on traffic volume during the fall months and more especially on the volume of grain moving to the seaboard. In this connection, the outlook is somewhat obscure.

Eastern elevators are said to be well stocked up with wheat. One would normally expect a large movement of grain this fall, but unless grain starts to move overseas in good volume in the near future there may not be much storage space available. At the moment, overseas shipping is at a standstill, but this situation may be corrected quickly.

Assuming it is not possible to make large shipments of grain overseas before the close of the lake shipping season, lake boats may be used to store grain at eastern ports.

Passenger Traffic Down

Passenger and hotel business of Canada Steamship Lines this year has been distinctly disappointing. Volume of business has been sharply lower than in 1938.

Freight business has been holding up very well. Grain has moved in smaller volume, but this has been offset by a larger movement of coal and iron ore. The latter is expected to continue to move in large volume, especially since many lines of industrial activity are likely to be speeded up. Packet freight business has been satisfactory.

Freight rate on the wheat from the lakehead to St. Lawrence ports is six cents a bushel at present. This is one cent lower than during the latter part of the 1938 shipping season and it may be increased if a large demand develops for boats.

It is interesting at this time to recall the experience of Canada Steamship Lines in the Great War. The company was formed in 1913 as a merger of several companies and at the outset of the war its earnings were adversely affected. In 1914 it had a net loss of $59,932, but in the next year it earned $662,151, $2,391,027 in 1916, $2,178,401 in 1917 and $2,324,098 in 1918.

Part of the large increase in profits was due to the entry of the company into the transatlantic trade in 1915. In that year it put 16 vessels in freight trade on the Atlantic. Heavy depreciation on boats, drastic reduction in freight charges after the Great War caused the company to abandon this venture in 1925. On the sale of steamers, wharves, etc., the company sustained a heavy loss.

Reliance Grain Co. Buys Over 100 Elevators

From Our Own Correspondent

MONTREAL.—Reliance Grain Co. has arranged a deal whereby it will acquire from the North Star Grain Co. 101 country grain elevators in Saskatchewan and Alberta. The financial consideration in the sale is approximately $750,000.

The transaction gives Reliance Grain control of nearly 300 line elevators, making it one of the larger owners and operators of primary grain elevators in western Canada.

Canadian Marconi Co. "War Order" Is Denied

From Our Own Correspondent

MONTREAL. — The report that Canadian Marconi Co. has received three large orders from the British Government, covering wireless sets to be used in airplanes, lacks official confirmation. The company has not received such an order from the British nor has it bid for such business.

GRAIN MERCHANTS
IN CANADA SINCE 1857
RECEIVERS • SHIPPERS • EXPORTERS
Owning and Operating Terminal, Transfer and Country Elevators
Capacity 12,500,000 Bushels
MEMBERS
Winnipeg Grain Exchange
Chicago Board of Trade
New York Produce Exchange
and other Exchanges
Executive Offices, WINNIPEG •• Private wires connecting offices across Canada
JAMES RICHARDSON & SONS LIMITED

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Commodity Prices

Following the outbreak of war, commodity prices generally surged upward. Advances were shown equally by agricultural products and those usually described as the industrial group. Coffee was an exception to the rule and followed the same easy trend as shown in the opening weeks of the last war. Coffee is described as one of the less essential commodities and does not respond to war conditions as do others.

There appeared to be two main factors responsible for the rise in prices.

One is fear of a possible shortage; the other, the expectation that prices will be higher. There was little fear of a shortage occurring on this continent in the commodities produced here. It is realized, however, that war means heavier consumption of all standard food products, with accompanying higher prices. This has always occurred and many people and industries are anxious to lay in advance stocks. It is also feared that enemy operations may interfere with imports of such items as rubber. Tin and mercury also come in this class.

The wheat market for some time had been showing signs of recovery, which has now been accelerated materially. Livestock prices also advanced, as did cotton, although it is not usually regarded as an essential in wartime. Hide prices rose over 16%. For some time supplies have not been plentiful and millions of soldiers now on service mean a heavier demand for boots. Silk was affected probably by anticipated interference with shipments from the East, while the end of the Anglo and American-Japanese treaties also points to reduced shipments from Japan. The rise in sugar was attributed to war panic demand, as no shortage is anticipated on this continent. All commodity price indices have risen substantially.

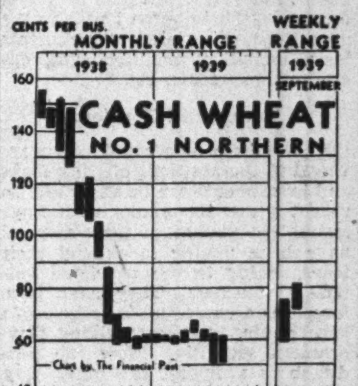
	Latest week	Previous week	Same week last yr.
Cattle	$7.50	$6.75	$7.00
Hogs	10.50	8.15	10.25
Copper, lb.	.12½	.11	.10⅛
Cotton, lb.	.0935	.0887	.0801
Rubber, lb.	.23	.1850	.1585
Sugar, raw, lb.	.0380	.0324	.0290
Silk, lb.	2.87½	2.57½	1.78
Wheat, Man. (bu.)	.74⅝	.70¼	.62⅛
Coffee, lb.	.05¼	.05⅛	.05¾
Hides	.14	.12	.11½
Weekly Indices			
Canada (D.B.S.)	72.8	72.7	74.6
Do. Wood, Gundy	*60.3	53.5	54.8
U. S. Labor	75.3	74.8	77.8
Dow Jones (future)	58.46	51.80	46.89
Crumps (Brit.)	71.6	71.8	[illegible]
Fishers'	80.2	78.4	80.6
Monthly Indices			
Canada (D.B.S.):			
Retail (July)	83.1	82.9	84.2
W'sale (July)	72.6	73.3	78.6
U. S. (June)	75.6	76.2	78.3
Gt. Brit. (July)	98.1	98.1	100.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Rase of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper - electrolytic, New York. Silk — Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides — No. 1 packer light.

* Preliminary.

Wheat Prices



Cash Quotations

	For Week Sept. 12 High	For Week Sept. 12 Low	Prev. Week High	Prev. Week Low
1 Hard	.82	.72½	.76	.56⅝
1 Northern	.81½	.72	.76	.59½
2 Northern	.78½	.69¾	.73	.56
3 Northern	.74¾	.67	.69	.49⅜
4 Northern	.67¼	.62	.60	.45⅛
5 Wheat	.61¼	.54½	.54	.40⅛
6 Wheat	.57¼	.50½	.50	.35⅝
Feed Wheat	.56¼	.49½	.49	.35⅛

Winnipeg Grain Futures

Week to Sept. 12, 1939

Crop year from Aug. 1, 1939 High	Low		Open Sept. 6	High for week	Low for week	Close Sept. 12	Close year ago
		Wheat					
.84	.50¼	Oct.	.79	.84	.72½	.72½	.61⅝
.85⅜	.51⅜	Nov.	...	.85⅜	.73⅞	.73⅞	.61⅞
.85	.51½	Dec.	.80⅛	.85	.74¼	.74⅜	.61½
.88	.54⅞	May	.83½	.88	.78¼	.78⅜	.65⅛
		Oats					
.45⅜	.26⅝	Oct.	.44½	.45⅜	.36	.37½	.28½
.41	.26⅛	Dec.	.43½	.41	.35	.37	.28¼
.45¾	.27½	May	.45¾	.45¾	.36	.37¾	.30
.40	.34¼	Nov.	.....	.40	.36	.38	.....
		Barley					
.50⅜	.33½	Oct.	.50	.50⅜	.44	.46½	.34⅛
.50	.32⅝	Oct. (new)	.50	.50	.42½	.45½	.....
.49⅝	.32⅜	Dec.	.49⅝	.49⅝	.42¾	.45¼	.34½
.51⅜	.33⅜	May	.54⅜	.51⅜	.44¾	.46¼	.36¼
.53	.45	Nov.	.....	.49	.45	.45	.....
		Flax					
1.68	1.26¼	Oct.	1.52	1.68	1.52	1.63¼	1.31½
1.61¾	1.23¾	Dec.	....	1.61¾	1.46¾	1.59	1.30½
1.60	1.55	Nov.	....	1.59	1.55	1.59	......
1.64	1.54	May	....	1.64	1.54	1.60½	......
		Rye					
.57¼	.36½	Oct.	.57¼	.57¼	.51⅛	.52½	.37⅞
.61	.37½	Dec.	.58⅜	.61	.51¾	.53½	.38¾
.65	.40	May	.61¾	.65	.55⅜	.56½	.41⅛
.62½	.52	Nov.	.....	.60	.52	.52	.....

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Banking

War Will Increase Demand For Credit

Heavier Borrowing from Banks by Industries Making War Equipment Seen—Larger Inventories, Higher Prices and Big Wheat Crop Also Factors

With many Canadian industries working on orders for war supplies and equipment, and more expected, the Canadian chartered banks are said to be assured a much heavier demand for commercial credit. This demand, it is believed, will expand as the volume of industrial activity grows. So far, most of the orders placed seem to have been for airplanes, shells, guns and equipment of that sort. In addition, however, other goods will be needed in increasing volume. Soldiers must be dressed and fed as well as equipped with arms.

Recruiting of 100,000 men will mean manufacture of tens of thousands of uniforms. Haversacks and water bottles will have to be provided. Then there will be a much heavier demand for those kinds of food which have become part of the army standard ration. This all entails payment of men's wages in factories as well as the holding of substantial supplies on hand.

Larger Stocks Carried

Manufacturers anxious to ensure sufficient supplies of raw materials will enlarge their stocks substantially. They always do in war time. This, in most cases, will be financed by bank loans which will be liquidated in the ordinary way, when the finished garment, harness, airplane or whatever it may be, is turned over to the authorities. Building up of inventories by manufacturers and merchants is also encouraged by the fact that fear of lower prices on essential goods is removed. Businessmen feel that anything they buy is likely to be more valuable later on, provided it is something necessary. They are not afraid of having to sell it at a loss. Hence they buy ahead freely.

Wheat Crop of 450 Million Bushels

Another factor which would have resulted in a greater demand for bank loans this year, war or no war, is the large wheat crop. This year the western harvest is estimated at around 450 million bushels. Movement of this would have been financed by the banks whether the crop were sold under the government guarantee of 70 cents a bushel or on the open market. Last year wheat loans were made at around 5% on money lent to private interests and around 3½% to the Government. If the rate is the same this year on a larger crop selling at higher prices, the effect of bank loans is obvious.

But the effect of increased government expenditures and the larger wheat crop will not end there. As a result of the good yield which most western farmers have had this year, and the higher price at which it will be sold, there is likely to be a big demand for farm machinery and equipment. To handle these transactions, the local implement dealer will likely want to borrow from the bank. The same thing will happen with the general merchant in the prairie town who will now be more willing to stock up with drygoods, furniture and what not. Farmers will also be able to repay a good part of their debts owing to mortgage companies and others. This will mean the defrosting of many frozen credits which, in some cases, had been written off as bad debts.

Just what form government financing will take this time is not yet clear. It is probable, however, that in whatever way the money for the war is raised the machinery of the banks will be utilized. Canadian banks, moreover, will also be called on to play an important part in the operations of foreign governments here, including manufacturing operations, payments, etc.

Reversal of Positions

Under these new conditions a reversal in the positions of bank loans and investments can be expected. In recent years the banks with huge amounts of money at their disposal have been unable to expand their loans, owing to the restricted volume of business. They have been forced as a consequence to invest in high grade, but low yielding Government securities. Now the pendulum is swinging the other way, toward greater volume of loans and smaller volume of investments. Obviously the balance will be satisfactory to the banks which are primarily lending concerns, not investment companies. Their accumulated funds will be put to work financing the operations of business and industry.

On the other hand, it is probable that borrowing will be reduced by merchants and manufacturers handling goods which are not essential. For some time this condition seems likely to prevail until the effect of employment in the munitions factories makes itself felt. People generally may feel inclined to curtail expenditures until they get over the first shock of the war.

Comparison with 1914 shows some interesting changes in the 25 years since the last war broke out. Assets now are $2.4 billions higher, with deposits up $2.3 billions. Current loans, however, are lower, while investments are up $1.4 billions.

The number of banks is much smaller. Today there are ten chartered banks in Canada, as follows: Montreal, Nova Scotia, Toronto, Provinciale, Commerce, Royal, Dominion, Nationale, Imperial and Barclay's (Canada). In 1914 there were 24. Of the ten now doing business in Canada, Barclay's Canada was not among the list 25 years ago. It was organized since that time.

Banks active then which have since passed out of existence were the Quebec Bank, Bank of British North America, Molson's, Merchant's, Union, Hamilton, Standard, Hochelaga, Ottawa, Metropolitan, Home, Northern Crown, Sterling, Bank of Vancouver and Weyburn Securities.

Comparison of some of the important items in the monthly statement then and now shows the following changes:

	At July 31 1939 $	At July 31 1914 $
Current loans (Canada)	813,947,295	840,192,625
Call loans (Can.)	51,239,956	68,441,816
Current loans outside Canada	144,828,018	48,013,052
Call loans outside Canada	42,082,832	125,545,287
Cash held by bks.	266,425,535	199,591,214
Total assets	3,519,913,804	1,568,174,983
Total deposits in Canada	2,391,499,573	1,018,068,176
Total deposits outside Canada	474,232,624	95,873,092
Total invests.	1,520,300,000	100,526,000

HURON & ERIE APPOINTMENT

J. W. McLachlan formerly manager of the debenture department of the Huron & Erie Mortgage Corp. and the Canada Trust Co. at their main branch in London, Ont., has been transferred to the Hamilton branch, in an executive position.

Bank of Canada Weekly Statement

The premium on United States dollars is reflected in the increased value of the Bank of Canada's gold reserve as indicated in the Bank's statement for the week ending Sept. 6. The gold is valued at the market price in Canadian dollars. There was a decline of about $900,000 in the reserve of sterling and United States dollars, due possibly to the decline in sterling in terms of Canadian exchange.

An expansion of almost $9.3 millions in the note circulation was seasonal, reflecting the western crop movement and a greater demand for cash.

Balance Sheet

	Sept. 6 1939 $	Aug. 30 1939 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	188,609,882	179,326,962
Rest fund	1,903,515	1,903,515
Depos.: Dominion	41,522,337	28,591,634
Banks	195,634,133	202,135,806
Other	13,050,811	10,566,268
Total deposits	250,207,281	241,293,708
All other liabs.	5,900,411	2,753,917
Total liabs.	451,621,089	430,278,102
Assets		
Reserve: Gold	221,571,831	208,235,895
Res. in sterling and U. S.	51,861,438	52,749,339
Other curr.	322	401
Total reserve	273,433,591	260,985,635
Subsidiary coin	379,914	395,390
Investments:		
Dom. govt. short.	117,776,304	110,986,828
Other Dom. govt.	53,492,458	52,160,692
Total invest.	171,268,762	163,147,520
Premises	1,660,435	1,660,436
All other assets	4,878,387	4,089,121
	451,621,089	430,278,102
Reserve ratio	62.31%	62.04%

Foreign Debt Reduction Due to Big Trade Surplus

Two Main Items in Trade Balance, Non-ferrous Metals and Forest Products Both Capital Assets, Says Towers—Foreign Debt Cut $500 Millions

This is the fourteenth and concluding article in a series reviewing the evidence presented at the hearings of the standing Committee of the House of Commons on Banking and Commerce.

By D. G. MacLEAN
Staff Writer, The Financial Post

Reduction of Canada's debt held abroad by $500 millions, during the last few years, was made possible by her favorable trade balance, Graham F. Towers, governor of the Bank of Canada told the House of Commons Committee on Banking and Commerce. When the wisdom of this policy, as compared with using the export surplus to buy more goods for use in Canada, was questioned by members of the committee, Mr. Towers pointed out that the export surplus had been achieved largely by shipment of non-ferrous metals and forest products which were capital goods as far as Canada is concerned in that they were not being replaced. Hence he intimated it was better to use the trade surplus so created, for reducing the foreign debt rather than for the purchase of goods which under the conditions prevailing would have been of the consumable type.

The committee had been discussing the position of the Canadian dollar on the exchange markets and R. J. Deachman, M.P. had questioned whether it was wise to use an export surplus to buy back debts held abroad when the money could have been used to raise the standard of living of the people within the country.

Mr. Deachman put his question in these words: "Consumption in Canada is at a relatively low level. Is it wise at a time such as this, through financial or monetary control, to restrict to this extent the volume of purchasing power of either consumer goods or capital commodities. Should we pay off fewer debts during the period of depression or should we try to raise the standard of living of our own people?"

Business Activity and Repatriation

Mr. Towers: "... May I enquire if the underlying thought in your mind is this, that the repatriation of foreign debt which is taking place is what you might call an evidence of the low level of activity in this country?"

Mr. Deachman: "I am putting it rather this way; this is a time of relatively low standards and it seems to me a rather strange and anomalous position in which we can have these surpluses in our obligations abroad, while at the same time we have not the money to put our own people to work ... I want to explore that and see if we cannot bring these surpluses in the form of consumable goods.

Small Capital Development

Mr. Towers: "In fact, the low level of capital development in Canada is a factor in the so-called favorable balance of payments and therefore in the repatriation of debt. If capital development was taking place on a much larger scale, naturally one would find imports a good deal larger and the favorable balance less."

Mr. Deachman: "Yes, quite, but it means this as I see it, that people with the financial capacity are the people at the present time who buy in their obligations, whereas the people of ... Canada are on a very low standard of living and I want to know if our favorable balance of trade is a calculated policy for that purpose, I want to know if our monetary attitude has anything to do with it, operation of our central bank, or whether the cause of this lies in other sources?"

In his reply Mr. Towers cited a number of factors in the whole situation under which Canada's favorable trade balance had been created as follows:

Imports of capital goods required in construction and equipment of plants had been lower. This was due partly to the less favorable outlook for some industries and was partly a natural reaction following the fairly large expansion of the earlier years.

Import Volume Maintained

While the value of Canada's imported consumable goods has been considerably lower than in 1926-29, due to lower prices, the volume of consumable goods imported appears to have been at least as large as in pre-depression years. In other words, on the whole, Jack Canuck was buying more consumable goods from abroad in 1937-38 than in 1926-29. When the fact that domestic industries are in many cases, supplying a higher proportion of Canadian consumption than a decade ago is taken into consideration, Mr. Towers stated, it appears the favorable balance of trade has not been achieved at the cost of a reduction in the volume of consumable imports. He added, however, that the distribution of some of these products has changed—some areas have received less and some more.

Naturally, said Mr. Towers, the surplus made available for repatriation of foreign debts means there could have been a larger volume of imports of either consumable or capital goods, or both. But whether such an increase in imports would have been desirable for the country as a whole, he intimated was debatable.

Recovery in Canadian export trade, Mr. Towers pointed out, has witnessed a great increase in the absolute and relative importance of nonferrous metals and forest products, "two items which together contributed more than one-half of our merchandise exports during the last two years." Mr. Towers emphasized that the products of these two industries are capital assets which are not being replaced in the case of mining and only partly replaced in the case of the forest industries, and which cannot be counted on as a major source of export income for ever.

Reason for Caution

This factor, said Mr. Towers, and the fact that the future markets for our agricultural products, which have declined in importance, remain uncertain because of the existing trend toward nationalism and self-sufficiency, are two arguments which favor caution when considering the question whether or not Canada should live on a scale which would absorb all her present income.

"Whatever action might be taken to increase our imports should be—as I have mentioned before—with a view to strengthening the economy particularly in relation to the future position of our balance of payments as it appears in the light of present conditions. If it were considered that the low foreign demand for many of our products were permanent, then there would be a case for revamping the Canadian economy to enable us to provide more of the things we need at home. The heavy cost of such a programme makes it impractical for dealing with a temporary situation." In general, any action which would profitably increase our export income or reduce our payments abroad would be a strengthening influence . . . it is worth noting that a reduction in foreign debt results in a corresponding decrease in our obligations payable to other countries.

Monetary Policy

In regard to the effect of Canadian monetary policy, Mr. Towers said that the easy money policy followed during the last few years had improved the market for new and refunding issues of securities. Since the amount of new issues in view of existing conditions has been relatively small, refunding issues to repatriate securities held abroad have been an important feature.

"If domestic monetary policy had been less expansive and domestic interest rates higher," he proceeded, "it is probable that the relative interest rate structures here and abroad would have offered somewhat less incentive for Canadians to repatriate foreign-held securities. But even if interest rates had been higher in Canada, I think the favorable balance of trade would have been at least as large as it has been, and the pressure of such funds upon the exchange market might well have raised the exchange value of our dollar to a point where our competition would be as attractive as under the actual conditions of lower interest rates and a lower value of the exchange dollar."

Insurance

War Risk Insurance On Land Risks Active

Underwriters Get Enquiries for Protection Against Bombardment, Bombing and Other Hazards —Comprehensive Policy Suggested

While marine underwriters have the experience of other wars to help them arrive at satisfactory rates for war risk insurance, the companies seeking to write this class of business on land risks are finding it more difficult. The reason is obvious. Not within the business lifetime of many of the present insurance executives has it been necessary to write war risk insurance on land risks, while such data from previous wars as are available are not of much value now under modern conditions of warfare.

Land war risks include possible damage from a number of causes and underwriters have been getting a number of enquiries from businessmen seeking protection. In some quarters danger from bombing or bombardment is feared.

Apart from such possible developments, it is felt that there is very real danger of malicious damage. This might be done by an enemy working under cover, of a strike of employees or an ordinary riot of otherwise loyal citizens. Or it might be done by one or more persons deliberately seeking to hamper the nation's efforts by damaging plants, railroads, bridges and other property.

Sabotage Insurance

Damage of this kind is usually called sabotage. The term has a different meaning in wartime from what it usually represents in times of peace. Derived from the French word sabot meaning a shoe, sabotage originally meant the damage that would occur from a disgruntled workman throwing a wooden shoe into his employer's machinery. Probably the English counterpart is the monkey wrench. Accordingly when a nation is at peace sabotage means the damage done to an employer's property by a discontented employee.

Under present conditions, however, the meaning of the word is changed to malicious damage by a foreign enemy.

Special Coverage

So far there have been several ways of giving this coverage discussed. One is the addition of a special endorsement to a fire policy. This endorsement would protect the same property as the fire policy. Then again some underwriters have been writing it by adding an endorsement to a riot and civil commotion policy.

A committee of underwriters in Canada have been studying the whole question with a view to evolving a special type of policy. This it is possible will be modelled on a type of contract which has been adopted in New York by the Explosion Conference of New York. This policy, it is stated, has been adopted in nearly all other states.

Briefly, it gives protection against loss by war invasion, civil war, insurrection, rebellion, revolution, military or usurped power, bombardment. This policy it is believed will be the basis of a similar one for Canada.

Marine War Risk Rates Highest Since Last War

War risk rates on shipments by water to and from Canadian ports have been advanced sharply to the highest levels since the Great War days. Contrary to the practice in the Great War, Canadian underwriters are making no difference between ships carrying the British or allied flags and those of neutral countries. In the United States underwriters appear to think that neutral ships are safer than British or French, and are charging lower rates on them, while United States ships are considered safer than the ordinary neutral and get a still lower rate.

Ordinarily, war risks are excluded from the regular marine insurance policy, which gives protection only against the perils of the sea. Now the war risks are being added by endorsement. They give protection against loss by enemy action such as shelling or bombing, as well as damage due to strikes, riots, and civil commotion.

Naturally shipments by German vessels or cargoes going to or from German ports or intended for transshipment to Germany are excluded. As some ocean routes are considered safer than others there is considerable variation in the rates quoted.

The most dangerous places for shipping as indicated by the rates are the English Channel and North Sea. The Mediterranean, Black Sea, and Sea of Marmora, routes to the East, the Far East and Australasia via the Mediterranean. The rate on shipments by these routes is 7½%.

Less dangerous areas are the United Kingdom and Europe between Gibraltar and Dunkirk, inclusive, and Norway not south of Bergen via the northern route. The rate on war risks on these routes is 5%.

Then come, the Red Sea, and East Africa, north of the equator when goods are shipped by the Cape of Good Hope, on which the rate is 4%.

Underwriters apparently begin to breathe easier when their insured ships go to West and South Africa and East Africa south of the equator, especially when they do not travel by the Mediterranean, or if they go to the East or Far East or Australia, by the Cape of Good Hope. In such cases the rate is down to 3%. Shipments to the East and Far East and Australasia by the Panama Canal and the Pacific Ocean and to South America are getting into the safety-first class, for the rate on them is 1%. On shipments to Central America, West Indies, and North America intercoastal trade ½ of 1% is charged while on North American coastwise and Newfoundland traffic, it is ¼ of 1%.

War risks on the Great Lakes, the St. Lawrence River and the Gulf of St. Lawrence are 2½ cents per $100.

Marine underwriters have been busy the last two weeks as many people with shipments at sea or about to ship have been busy adding the war risk clauses to their marine coverage.

Foreign Exchange

AT TORONTO AND MONTREAL

U. S. Dollar	High	Low
Sept. 11	1.10	1.08⅛
Sept. 9	1.08¼	1.07⅛
Sept. 8	1.07⅝	1.06⅞
Sept. 7	1.07¾	1.06½
Sept. 6	1.09¼	1.07½
Sept. 5	1.10½	1.09
U. K. Pound	**Closing**	**Last Year**
Sept. 11	4.45	4.83
Sept. 9	4.39	4.83½
Sept. 8	4.35	4.84¼
Sept. 7	4.36	4.83⅞
Sept. 6	4.37½	4.83⅞
Sept. 5	4.45	4.85⅜

Other Currencies, Sept. 11

Australia	3.56	Italy	.0572
Belgium	.1890	Japan	.2637
Denmark	.2127	N. Zealand	3.59
France	.0250¾	Norway	.2502
Greece	.0087¾	S. Africa	4.44⅜
Holland	.5836	Sweden	.2620
India	.3378	Hong Kong	.2785

Weekly Bank Clearings

	Sept. 7 1939 $	Change Year Ago %	Aug. 31 1939 $
Halifax	2,509,387	—2.6	2,087,268
Saint John	1,695,665	+14.8	1,469,160
Moncton	794,975	+15.5	608,757
Sherbrooke	641,217	—6.8	656,950
Montreal	133,850,475	+48.7	108,939,316
Ottawa	24,783,798	+1.9	13,588,168
Peterborough	534,061	—8.5	471,280
Toronto	101,519,401	+1.1	104,885,589
Hamilton	4,819,188	+13.4	4,076,430
Kitchhener	988,024	+7.5	909,156
Brantford	814,676	—1.2	694,152
London	2,484,354	+11.1	1,925,611
Chatham	419,987	—55.5	447,762
Quebec	4,381,286	+19.9	4,125,757
Windsor	2,127,120	—5.3	2,441,003
Sarnia	512,014	+17.0	288,895
Sudbury	854,536	+1.5	999,346
Fort William	626,284	—15.4	603,341
Winnipeg	88,634,079	+54.9	56,297,573
Brandon	455,046	+10.1	299,759
Regina	6,703,697	+9.6	4,080,893
Moose Jaw	694,525	—3.6	514,361
Saskatoon	1,443,147	+13.0	1,041,642
Prince Albert	321,218	+3.4	268,319
Edmonton	3,775,652	+5.0	3,445,518
Calgary	4,784,325	—3.5	4,055,405
Medicine Hat	289,972	+24.3	197,938
Lethbridge	638,146	+1.0	466,726
N. W'minster	622,574	+8.4	565,213
Vancouver	16,154,964	+13.6	15,826,729
Victoria	1,599,250	+2.4	1,436,691

Toronto Share Trading Makes Gain in August

Toronto Stock Exchange reports a substantial gain in volume and value of trading during August. There were 9.4 million shares traded last month, compared with 6.3 millions in July. The August volume was above that of any of the preceding four months. Value of stocks traded also rose to $21.6 millions from $16.1 millions and was the highest value of transactions since April.

Market value of all shares on the Toronto exchange as at August 31 was $4,345 millions, a decrease from $4,677 millions a month earlier and also moderately below the $4,783 millions as at Aug. 31, 1938. Average value of all shares listed was $6.24 a share as at Aug. 31, 1939, against $6.69 a share at the end of July and $6.86 a share a year ago.

Hull Electric Co. Reports Loss of $7,400

From Our Own Correspondent

MONTREAL.—Hull Electric Co., a subsidiary of Gatineau Power Co., reports a net loss of $7,400 after depreciation and before interest charges for 1938, according to information given out at the annual meeting.

Envelopes for every purpose Barber-Ellis of Canada, Limited TORONTO - BRANTFORD BRANCHES FROM COAST TO COAST

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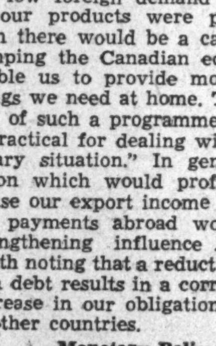

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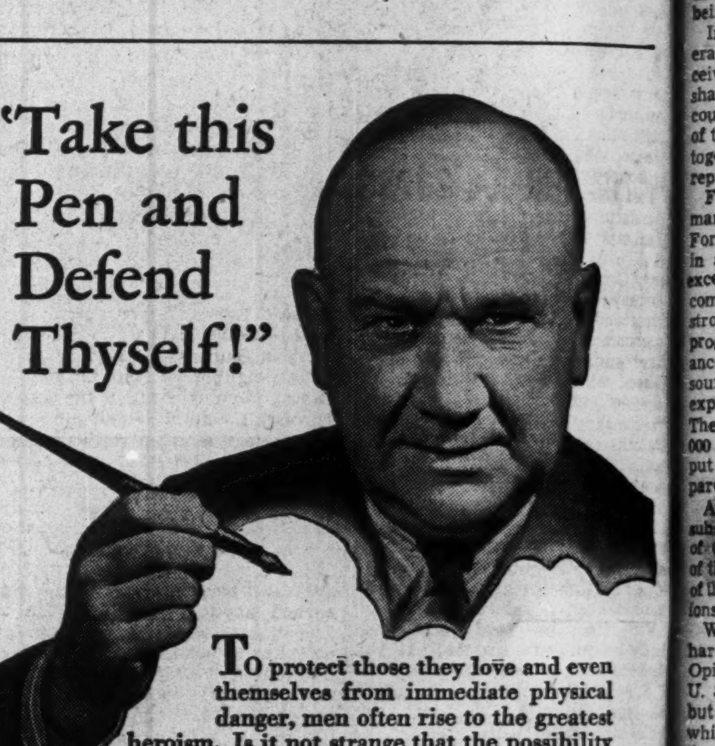
A. C. RUBY, Br. Mgr., WINNIPEG
M. NEVILL, Br. Mgr., VANCOUVER

"Take this Pen and Defend Thyself!"



To protect those they love and even themselves from immediate physical danger, men often rise to the greatest heroism. Is it not strange that the possibility of future disaster should so often leave them undisturbed?

A family left without adequate support—an old age dependent on others—few men are so happily placed that they can disregard these possibilities. Protection against them is justified even at a sacrifice.

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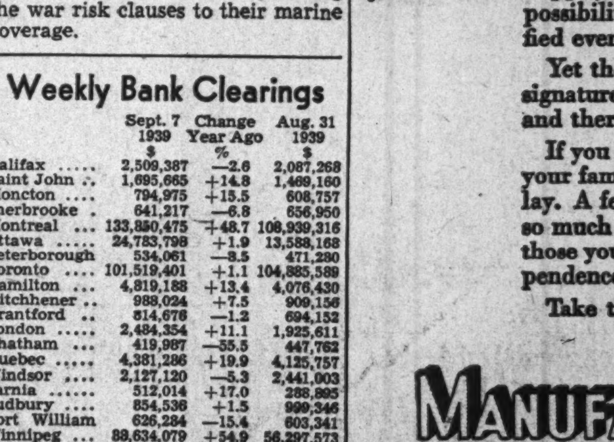
HEAD OFFICE TORONTO, CANADA
ESTABLISHED 1887



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Bolivian Power

Can you tell me whether Bolivian Power Co. will pay its bond interest on Oct. 1 next?

The situation in regard to Bolivian Power Co. bonds is still somewhat obscure. At the moment it is impossible to say whether the company will meet its interest payments or not. This is dependent upon clarification of the exchange situation in Bolivia.

The annual meeting of shareholders was informed the future of exchange regulations in Bolivia is uncertain. An exchange bank has been organized and it is not known what future regulations will be. Under the previous arrangement, Bolivian Power was paid a total of $500,000 in sterling or dollars by mining companies with which the company has contracts in Bolivia. These funds were received from the sale of tin in Liverpool. The effect of exchange regulations on the tin companies is not known at present.

There is a possibility the company will be allowed exchange for expenses, interest, and up to 5% for dividends. In this event the company will have no difficulty in meeting its bond interest.

Ford Motor

Any information that you can give me on Ford Motor Co. would be appreciated.

Ford Motor Co. of Canada last year earned $1.96 a share on its combined classes A and B stock, as compared with $2.27 a share in 1937. Regular dividends of $1 a share annually are being paid.

In 1938, profit from Canadian operations trebled, but payments received from subsidiaries showed a sharp drop. Export business accounted for 54% of the total and 43% of the value of the units sold in 1938, together with 26% of total sales of replacement parts.

Ford Motor Co. holds exclusive manufacturing and selling rights for Ford cars and trucks and tractors in all parts of the British Empire, except Great Britain and Ireland. The company's financial position is strong and it is just completing a programme of plant expansion, financed entirely from its own resources, which has resulted in an expansion in productive capacity. The company can now produce 100,000 units annually in Canada. Output in 1938 was 69,164 units, as compared with 74,098 units in 1937.

A tendency toward requiring the subsidiaries of Ford Motor Company of Canada located in various parts of the British Dominions to do more of their *manufacturing* in the Dominions has been noted recently.

War effect on Ford Motor can hardly be judged accurately as yet. Opinion among executives in the U.S. automobile industry is mixed but tends toward the idea that, while early 1940 sales may suffer, the eventual effect will be favorable. Ford of Canada might work on war orders for mechanized equipment which could not be filled by U.S. companies because of the neutrality laws but might be placed here. With the likelihood of more prosperous farm conditions and full employment in industry, ultimate war effects on Ford Motor Co. of Canada may be to increase its activity.

Imperial Oil

I would like a brief history and comment on Imperial Oil Co.

Imperial Oil Ltd. is the leading refiner and distributor of petroleum products in Canada. Through its holdings in Royalite Oil, it also has a commanding position in the development of crude oil supplies in Alberta. Another subsidiary, International Petroleum, operates important crude oil producing fields in Peru and Colombia in South America, as well as having a share in other fields in Venezuela.

For a number of years, Imperial Oil has been paying total dividends of $1.25 a share, although earnings have been running a little less than $1 a share. We believe that investors should regard a part of the excess dividends being paid as in a sense a return of capital which the company is not able to employ profitably in its business.

The greater portion of the company's earnings has come from dividends paid by subsidiaries, of which the largest is International Petroleum. International Petroleum has also been paying somewhat larger dividends than it has reported in earnings, but with the latest payment made in June it reduced total dividends to a rate, which if maintained, would be equivalent to $2 a share annually.

Current low prices for Imperial Oil stock are partly a reflection of fears on the part of some investors that governments in South American countries may interfere with foreign-owned oil properties there. So far, we are informed, International Petroleum has had no reason to fear any action harmful to itself, but in the minds of the public this is likely to be a factor in appraising the popular investment outlook for the stock. In Canada, sales of petroleum products last year reached a new peak level which may even be exceeded again this year. Profit margins, however, have not made as satisfactory a showing, chiefly because of lessened margin between the cost of crude oil and the sale prices of refined products. Financial position of Imperial Oil is strong.

Officials of the company state that they cannot see how war will restrict operations of the petroleum industry in South America. It is believed that France and Great Britain will become more dependent upon north and South America for petroleum supplies. The German and central European market will be last. It is felt that production will be as large, if not larger, than in peacetime.

Farm Land

What is your opinion of farm land as an investment in wartime?

It is difficult to pass an opinion on the advisability of holding farm land in wartime. There seems every likelihood that higher prices for farm products will mean greater prosperity among farmers. This would naturally be reflected in higher land prices. Our understanding is that present farm prices are considerably deflated and selling under long-term average values. Thus, there might be some argument in favor of an investment in farm properties. It should be remembered, however, that such an investment is not very liquid and may not be easy to dispose of whenever the time comes.

Great Lakes Power

I would appreciate information on Great Lakes Power Co. 5% general mortgage sinking fund bonds.

Great Lakes Power Co. supplies hydro-electric power to industrial users in Sault Ste. Marie, Ont., and to 14 neighboring communities and mining developments in the district. Through a wholly-owned subsidiary, it operates the street railway system in Sault Ste. Marie and ferry service on the St. Mary's River.

Until the past year, the company has a record of improved earnings, a trend uninterrupted since 1933. Last year, the reduction was not great and total interest charges were earned about three times. In the five months ended May 31, 1939, the company reported earnings available for general mortgage bond interest, after the first mortgage bond interest, of $91,328, compared with $115,490 in the corresponding period of 1938.

The company has $4¼ millions of 4¼% first mortgage bonds outstanding, and offering was made in June, 1939, of the $2 millions of 5% general mortgage. This latter issue was to replace the general mortgage bonds held by Middle West Utilities Co. of Canada, which controls Great Lakes Power Co. The general mortgage bonds rank junior to the first mortgage issue.

Prospects for increased power output will depend upon activity in the mining and manufacturing industries. Principal industries in the districts are pulp and paper and steel. War production will demand of these industries a greatly accelerated rate of activity and probably greater production will result in increased power demand. Difficulty in revising rates may be experienced, however, if costs go up to the extent of threatening profit margins, because of war conditions.

Champion Savings

Have your any information on Champion Savings Corp. which you could send to me?

Champion Savings Corp. sells installment savings certificates, on which the purchaser is required to make a regular deposit. Commencing operations in Alberta in July, 1932, the company is now licensed to transact business in practically every province with the exception of Ontario.

The company reported that deposits of savings certificates during 1938 increased 27% over those of 1937, while the volume of new business on its books increased more than $2.7 millions. Assets grew 63% and net revenue equalled 4.66% on investments during the year.

The company's realizable assets are claimed to be well in excess of certificate requirements. Dividends were paid on the preference shares of the organization last year, and it is expected that the company will initiate common dividends in the near future.

Wartime conditions will have varied effects upon the operation of organization, such as this, depending as it does upon income from securities and mortgages.

From price movements that have occurred in the war to date, it is evident that market value of high-grade bonds will be depressed substantially. The Government is cushioning the decline of high-grade bonds and the drop will be gradual.

Action of mortgages will probably not be entirely uniform. Collections on western farm mortgages will be better because of the farmers' higher income from grain crops. Eastern farmers will probably receive more money for produce, but collections in this case have never been much of a problem. Neither have urban mortgages caused mortgage companies trouble.

High Grade Bonds

I hold a quantity of Dominion of Canada bonds maturing 1943 to 1959. As we are now facing war would it be wise to convert these into cash?

Wartime conditions have already caused substantial depreciation in the market price of your Dominion and C.N.R. bonds. We are informed, however, by competent authorities that the Government is cushioning the decline in prices of high-grade bonds, although recognizing that the prices prevailing in recent months have been higher than can be maintained under existing conditions.

It is possible that by converting your Dominion bonds to cash you might save a small amount of your present market values, but this would be largely offset by the much smaller return which you would obtain on your money if held in the bank. From the standpoint of a reserve to safeguard your business interests, it would seem that the short term Dominion of Canada bonds, of which you hold a fair amount, would be almost as satisfactory as actual cash. We would suggest that any further funds which you may have available for investment should be placed more in good grade common stocks, in view of the possibility that war may result in some inflationary rise in prices. Such a condition can hardly be satisfactorily met by investments which are entirely in bonds with a fixed interest rate. We would caution you, however, to confine your attention to only good stocks with an assured market, and the obligations of companies which are well established and strong financially.

Inter-State Royalty Reports on Income

From Our Own Correspondent

MONTREAL.—Inter-State Royalty Corp. reports that as at August 31, 1939, the company's investment in all royalties had a book value $1,147,987.

Gross revenue from royalty income amounted to $500,745 up to the end of July and the reserve for depletion totalled $137,705 to the same date.

During July the corporation had a gross royalty income of $6,179 and accumulated gross income from this source for the first seven months was $49,562.

UNITED FUEL DIVIDEND

United Fuel Investments Ltd. has declared the regular quarterly dividend of 75 cents a share on the class A preference stock, payable Oct. 2 to holders of record Sept. 20.

McCurdy Buys Control Four Maritime Utilities

Haligonian Outbids Royal Securities for Central State Units

$3 MILLIONS INVOLVED

From Our Own Correspondent

MONTREAL.—Hon. F. B. McCurdy, well-known financier of Halifax, outbid Royal Securities Corp. for Central State Power and Light Corp.'s holdings in four Maritime utilities: Canada Electric Co., Eastern Electric and Development Company, Moncton Electricity and Gas Co., and Maritime Coal, Railway and Power Co. Approval of the deal has been given by the Securities and Exchange Commission.

The holdings purchased by Mr. McCurdy include the following securities:

Canada Electric Co., all of the capital stock $1,068,900 principal amount of 5½% first mortgage bonds, $629,773 of notes and $1,511 of accounts payable;

Eastern Electric and Development Co., all of the capital stock, $83,400 of 5½% first mortgage bonds, $24,980 of notes and $11,194 of accounts payable;

Moncton Electricity and Gas Co., all of the capital stock, except 33 shares which are held by the public;

Maritime Coal, Railway and Power Co., $39,500 of notes, 2,718 shares of preferred stock with par value of $10 each, and 19,886 shares of common stock with par value of $22 each.

Pays Cash and Bonds

In return for these securities, Mr. McCurdy is turning over to C. T. Adams, trustee of the Utilities Power and Light Corp., which controls Central State Power and Light Corp., $1,963,355 cash and $1,264,000 principal amount of Central State bonds. These bonds were purchased by Mr. McCurdy from former holders and cost him about $842,247. The securities being turned over to Mr. Curdy have a value of $3,132,000 and which cost Central State Power $4,557,566.

Bidding for Properties

In the application to the S.E.C. for approval of the transaction, it is stated:

"Cash offers were received by Adams from two competing potential purchasers, F. B. McCurdy, with whom the contract now under consideration was ultimately entered into, and Royal Securities Corp. They were logical competitors for such purpose for each owned other utilities in the adjoining territories.

"McCurdy first became interested in the possibility of purchasing these properties in 1935. Subsequently thereto and prior to the appointment of the trustee, R. R. Monroe, at that time vice-president of Central State Power, had discussions with Royal Securities Corp. which made an offer of $2,400,000.

"In the spring, summer and fall of 1938, Adams continued these conversations with Royal Securities Corp. and in the fall of 1938 commenced negotiations with McCurdy. McCurdy offered $2,500,000 and shortly thereafter raised his offer to $2,650,000. Royal Securities Corp. thereupon increased their cash offer to $2,900,000 with earnings after January 31, 1939, accruing to benefit of purchaser who, in turn, was to pay interest at the rate of 3% per annum on the amount of the purchase price. McCurdy immediately matched this offer. McCurdy was in possession of a block of $250,000 Central State bonds and was willing to attempt to get more. Royal Securities Corp., on the other hand, did not own any bonds and was unwilling to attempt to acquire any. Therefore, the negotiations with McCurdy were continued and resulted in the aforementioned contract."

Properties Involved

Following is a brief description of the properties involved:

Maritime Coal, Railway and Power Co. owns a coal mine not now operating and a short line railway, both located in Nova Scotia.

Canada Electric Co., controlled by Maritime Coal, operates an important steam power plant in Maccan N.S., and distributes energy in Amherst, Maccan, Chignecto Mines and other points;

Moncton Electricity and Gas Co supplies the utility services in Moncton. It purchases its power supply indirectly through the New Brunswick Electric Power Commission;

Eastern Electric and Development Co. operates a small fuel power plant at Sackville and distributes energy in Sackville, Middle Sackville and Upper Sackville.

JOINS NEW FIRM

R. J. Holmes, formerly Canadian manager of E. A. Pierce & Co., who has joined Thomson & McKinnon as assistant to George Ross, Canadian partner. The latter firm is taking over the accounts of E. A. Pierce & Co., which is closing its Toronto office.

Montreal Power Services Widen

Both Electricity and Gas Output Higher for August

From Our Own Correspondent

MONTREAL. — Montreal Light, Heat & Power Cons. reports a gain of 5.65% in electricity output in the Montreal area during August of this year as compared with the same month in 1938. Electricity output for the first eight months of this year is up 4.86% from the same period of last year.

Gas production in August is also up. The gain in this case is one of 0.25% from the same month of 1938 marking the third monthly increase reported by the company since September, 1938. For the year to date, however, gas production is down 1.34% from a year ago.

Detailed comparison follows:

Electricity Output

	1939 kw.h.	1938 kw.h.	Incr. %
Jan.	106,028,300	103,668,970	2.28
Feb.	96,766,840	93,997,650	2.95
Mar.	103,742,360	100,049,230	3.69
Apr.	94,635,850	88,718,650	6.67
May	94,361,850	88,144,360	7.05
June	89,801,220	84,791,940	5.91
July	88,004,050	83,429,840	5.48
Aug.	93,898,770	88,881,270	5.65
	767,239,240	731,681,910	4.86

Gas Production

	1939 cu. ft.	1938 cu. ft.	Incr. %
Jan.	408,668,000	415,542,000	*1.65
Feb.	371,357,000	382,474,000	*2.91
Mar.	421,142,000	428,743,000	*1.77
Apr.	415,580,000	429,509,000	*3.24
May	458,061,000	463,018,000	*1.07
June	413,831,000	406,773,000	1.74
July	362,029,000	369,299,000	*1.97
Aug.	371,285,000	370,344,000	0.25
	3,221,953,000	3,265,702,000	*1.34

*Decrease.

Railway Exchange Bldg. Approves Reorganization

From Our Own Correspondent

MONTREAL.—The reorganization proposal for the Railway Exchange Building Co. has been approved by bondholders.

The plan means that bondholders will receive a cash payment of 5% of the principal amount of their holdings in lieu of interest for six years prior to April 1, 1939. The plan also provides for extension of maturity of the bonds from Oct. 1, 1942, to April 1, 1959, and for reduction in bond interest from 6½% to 2½% for eight years from April 1, 1939, and 3% thereafter.

Due and unpaid sinking fund payments are to be cancelled. A new sinking fund arrangement calls for payment of that amount by which net earnings after operating expenses, bond interest and taxes, but before depreciation, exceed $2,500.

Bonded indebtedness of the company is limited to the currently outstanding, that is, $424,000. No dividends are to be paid on the capital stock while any bond are outstanding.

CANADIAN SECURITIES

Dominion and Provincial Government Bonds
Municipal Bonds
Public Utility and Industrial Financing

DOMINION SECURITIES CORPORATION LIMITED
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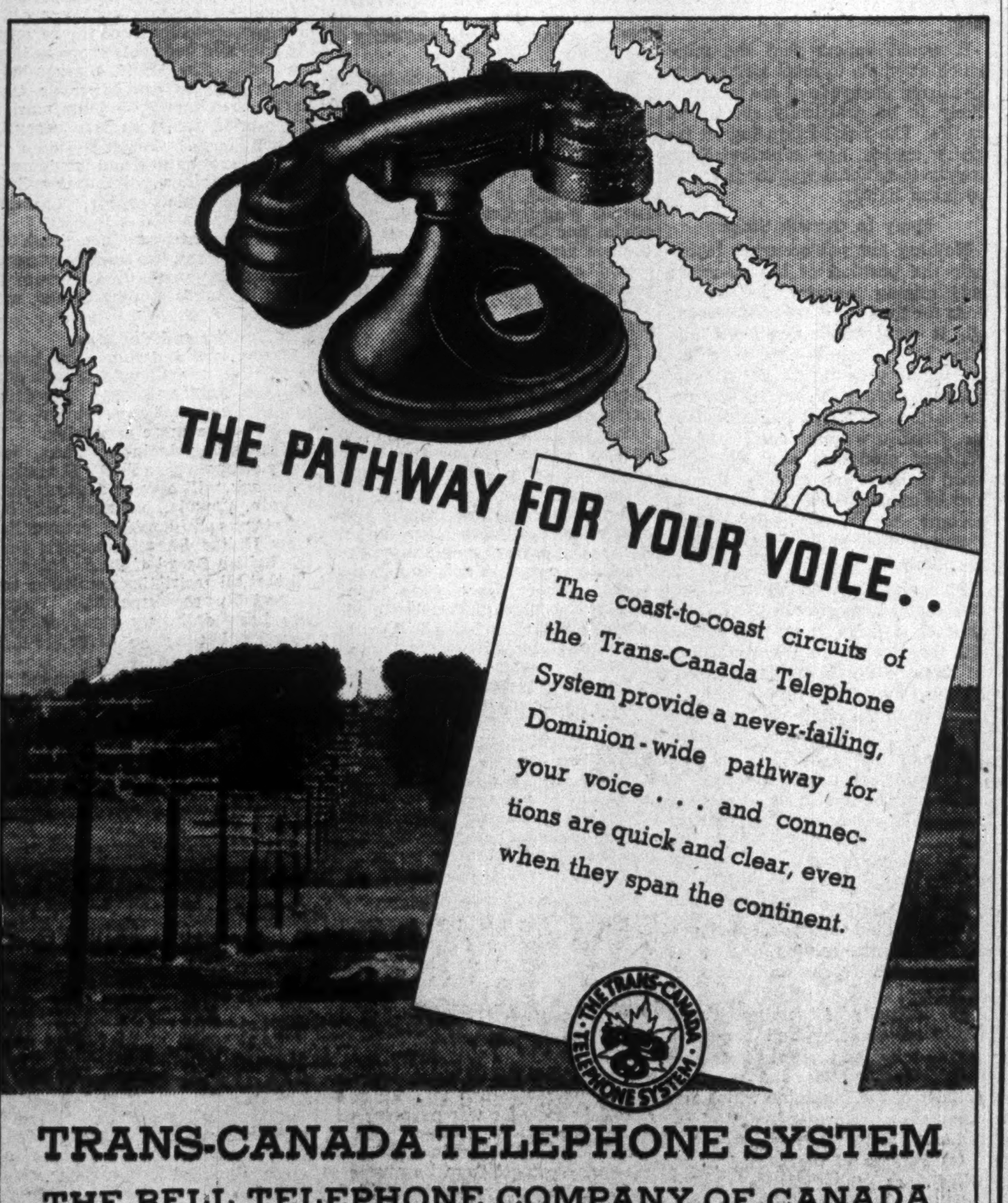

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61 YONGE STREET, TORONTO

Toronto Office:
J. F. HOBKIRK, Manager

Week in Mining

Path Ahead Is Clearing For Golds, Base Metals

Mines to Pay Their Share of Cost of War But Not Victimized Nor Exchange Premium Confiscated—See Prospecting Increase

The shape of things to come it is impossible to foretell. Experience of the 1914 or first act of the Great War is being drawn upon constantly as a guide, but conditions both in Canada and elsewhere as the second or 1939 phase opens are very different. How much financial or other history is to be repeated, time alone will tell.

This much now seems certain: First, the mines are going to pay their share of the cost of war on the same basis as all other industry. They are not to be unduly penalized. The premium on gold, result of the decline of the Canadian dollar in relation to the U.S. dollar is not going to be confiscated as in South Africa.

Second, mines producing base metals are not going to see metal prices soar as they did in the first phase of the war. While the present pegs for war metals established by the British market may be moved upward at a later date, it seems certain that metal prices will be kept within strict limits.

See No Complaint

The mining industry has never been one to complain about taxation—everybody knows it has long borne a lot of it—and so far as can be determined from preliminary observation the terms of the new budget treat the mining industry the same as everybody else and that is all the mines ask.

"There may be some surprises as it works out in practice," a Canadian authority on mining company taxation told The Financial Post. "We are not yet entirely clear about the definition of capital employed but so far as we can see right now, there is no discrimination."

* * *

Anticipated

As usual, the stock market anticipated the Government's war budget. The gold stocks generally bounded higher, lifting the Toronto Stock Exchange gold index 6½ points in a day. The wild rumors current for some time of drastic Government control and confiscation of exchange profits were definitely dispelled. Furthermore, investors have had time since the outbreak of war for a more sober second thought about the golds and saw some bright spots in the gold outlook.

Base metal stocks were somewhat higher on the budget announcement. The budget allayed some fears about a crushing taxation blow, but recent prices on the London metals market made it pretty clear that very moderate levels would be established, hence there was little surprise from this quarter.

There has been a great deal of jumping to conclusions about what is to be done about base metal prices. The action in London putting a top limit on prices has led many to believe that this was the last word on the subject for the present.

Such would not seem to be the case. While base metal producers refuse to predict the next move, they also emphasize that it is unwise to regard the present situation as having any degree of finality.

Some have been predicting that sharply increased taxation would result in increased expenditures by the big mining companies for outside exploration and prospecting. It was argued that there would be tax advantages in devoting sizable sums to this type of work.

Such will hardly be the case. The Dominion Income Tax department has never allowed mining companies anything for such expenditures. Pending some government recognition of the importance of this work, the normal expectation for wartime would be even less outside activity in view of the probable scarcity and higher cost of labor.

* * *

Until Further Notice

The London Ministry of Supply has finally announced that until further notice it limits metal prices to the following. For purposes of comparison we give the yearly average prices received by prominent Canadian base metal producers for 1938 and 1937.

LONDON METAL PRICES PER POUND

	Maximum Set	1938 Average	1937 Average
	c.	c.	c.
Copper	10.11	9.97	13.08
Lead	3.37	3.34	5.11
Zinc	3.42	3.07	4.90

The domestic price for copper in the United States has been raised to 12 cents. Because of the four cent tariff against Canadian producers, however, the U. S. price would have to go almost two cents higher still before that market is available to Canadians. Freight and insurance charges to the United Kingdom being slightly higher than to America, make the differential slightly under the apparent two cents.

* * *

How Good a Hedge?

The Canadian nickel producers, International and Falconbridge, are so far benefitting along with the gold producers from the decline of the Canadian dollar in U. S. dollars. The price of nickel is stabilized around 35 cents a pound in United States funds. The decline of the Canadian dollar gives the nickel producers an advantage since most of their costs are paid in Canadian funds. Rising costs, however, may shortly give this hedge less importance than at present.

* * *

Alarmed

War in Europe has induced the U. S. Federal Government to do something about prospecting. Alarmed at the domestic lack of certain metals, essential especially in wartime, the Government is spending $250,000 to find new deposits in several areas in the western United States. Tungsten, chrome, antimony, tin, manganese and other metals are objects of the search. Many old gold and silver mines, long since abandoned, are being re-examined.

Gold Best Munition

Gold Industry Ready to Pay Its Share of War — But Any Plan Must Not Stifle Gold Production as South African Plan Threatens

Gold is an essential war commodity and the war policy of the Canadian Government, as revealed in the budget, recognizes that fact.

Foundation of the world's economic system, gold now assumes unusual importance, both to Canada and the Empire. For it is gold that will ultimately pay for the war and the more gold we can produce, the faster it will be paid for. It is gold that will make it economically possible for the Allies to fight their way to victory, to get the advantages of "cash and carry" in war purchases and to buy essential commodities where no credit is allowed. As the authoritative economic service Whaley Eaton declares: "Gold is the outstanding war munition."

Will Pay Its Share

Maintaining our present gold production and increasing it must be Canada's wartime aim.

The gold mining industry fully realizes this is its war as much as anybody else's. It will pay its share. It would be shortsighted and fatal if official measures resulted in crippling industry, slowing production and preventing increase.

The South African example would have been a poor one to follow. South Africa has announced that it will confiscate all the additional revenue received for gold over the former price of 150 shillings per ounce. Current price being around 168 shillings an ounce, this gives the South African Government a very rich source of new revenue.

Must Not Stifle Output

Such a policy would tend to decrease output, stifle some gold production altogether, discourage increases. For every extra cent added to the gold price "makes" ore. Especially in Canada where we have many low grade ores, and in a situation where increased volume of production is the desired aim, it is vital that Canada and the Empire get the benefit of every ounce of gold that can be ground out of the rock made ore by higher prices.

Higher operating and labor costs of wartime are almost certain to more than eat up any additional revenue from the higher price of gold.

The gold industry is ready and willing to pay its fair share of the cost of war. Because of its size, that will be a gigantic share. But any government scheme for collecting that share must be based on real, not fictitious profits; on the plain principle that maintaining, even increasing, gold output is just as essential as manufacturing arms and munitions.

What's Ahead for Golds

Rising War Costs Partly Offset By Exchange "Profit"

By W. BRUCE MacKINNON
Staff Writer, The Financial Post

Rising costs, partially offset perhaps by depreciation of the Canadian dollar, will be the wartime problem of the Canadian gold mining industry.

Gold mines, which have been a pillar of strength to Canada throughout the depression years, are again looked on as a bulwark of Canadian war economy.

The same influences which will increase the difficulties of the gold producers through rising costs will tend to make their product more and more vital to the well-being of Canada.

How do Canada's gold mines now stand to beat increasing costs? How much increasing cost in the way of higher wages, higher costs for the thousand and one things needed around a gold mine operation can the mines of Canada stand?

Most Have Good Margin

Based on a study of 60 leading Canadian gold producers, the following table of costs indicates the relative vulnerability of Canada's gold production to rising costs. Total costs have been used throughout, in order to indicate the net profit position of the industry after all charges.

Total Cost per Ounce	Proportion of Output
Over $35	3.3%
$30 to $35	5.3%
$25 to $30	16.1%
$20 to $25	41.7%
Under $20	33.6%

The 60 companies for which figures were compared have an estimated annual output of some 3,700,000 ounces. It has been necessary to adjust the figures for certain of the younger companies which are just reaching their prime in order to indicate the present annual production of the industry as a whole. These adjustments, however, do not affect the significance of the total.

Most Under $25

The chart reveals that the greater part of Canada's output is in a good position to withstand rising costs. Of the total, it appears that some 75% of the annual production is being produced at a (peacetime) cost of under $25 per ounce. The members of this group, which includes 28 companies, could therefore afford to see their costs increased by $10 or more per ounce before losing money on $35 gold. For a mine producing at $25 per ounce, costs would have to increase 40% before the company incurred losses.

First effects of the war on foreign exchange rates have also been favorable to the gold producers. Decline of the Canadian dollar in terms of U. S. funds to a discount of some 9% has had the effect of raising the Canadian price of gold to around $38 per ounce. Provided this premium remains, mining companies stand to gain an extra profit of $3 per ounce until rising production costs close the gap. It is generally expected, however, that some increased taxation will soon be imposed.

At the moment, Canada's gold mining industry is in a strong position, the majority of our gold is produced at low cost, and the price of gold to Canadian producers has risen.

Mine Costs Sensitive

Unfortunately, mining costs are likely to be more sensitive to war influences than with most other industries. Direct armament industries may be given prior call on the available labor supply. The cost-plus type of contract does not restrict the munitions producer to a given selling price, with the result that gold producers, who at present have to meet a fixed price for their product, can only hope to keep pace if the price of gold rises proportionately with costs. Moreover, the gold producers are handicapped in that the majority of miners are young, healthy and adventurous, and may be fast to leave for active service.

Raw materials of mining, particularly steel and explosives, will also be needed on active service, quite probably to a greater extent than ever before. Timber for mine workings and fine for the mill are both much-needed commodities for military purposes.

As an example of the cost structure of an important Canadian gold mine, the 1938 figures for Hollinger are illuminating. Few mines give their shareholders such a thorough break-down.

In 1938, Hollinger's total bill for operating costs amounted to $8,434,641 of which labor accounted for $5,622,078 or 66.7%. Stores accounted for $2,598,897, or 30.8%. Of the stores, $622,013 were consumed in the milling processes and $1,784,257 were applied to mining underground. The company employed an average staff of 2,937, of which 1,977 were classed as miners, 361 as mechanics and 599 as general employees, engaged in milling and other duties.

Impact of rising costs is likely to be most heavily felt by the large tonnage, low grade mines which depend on mass production for profits. Generally speaking, the more ore that a company handles to extract an ounce of gold, the more men, explosives and steel it will have to use and the more vulnerable will be its position when the expected rise in costs materializes. For this reason, it is probable that some of the mines will attempt to adjust production methods to meet the new conditions.

Treatment of a decreased tonnage of higher grade ore would undoubtedly tend to stave off the influence of rising costs without causing any great diminution in the quantity of gold produced. It must be recognized, however, that this method of dealing with the problem is only possible where a mine has large quantities of ore of a sufficient high grade. In many cases, removal of any substantial quantity of higher-than-average-grade ore would leave the mine with a residue of ore too low in grade to permit commercial operations at present prices for gold.

It would appear that the mine which attempts to meet rising costs by raising the grade of ore milled is likely to be drastically shortening its life. The risk of injuring an industry which has contributed so greatly to national welfare is not to be taken lightly.

Many in Growth Stage

Nothing has yet occurred to impair the position of the Canadian gold mining industry, and indications for the future are good. Above all, it must be remembered that some of the higher-cost producers are in the growing stages with abnormally heavy write-offs for depreciation, deferred development, etc. Even in wartime, some of these younger producers can look forward to important growth. It must also be remembered that many important new ore developments, changing the whole mine picture, are likely.

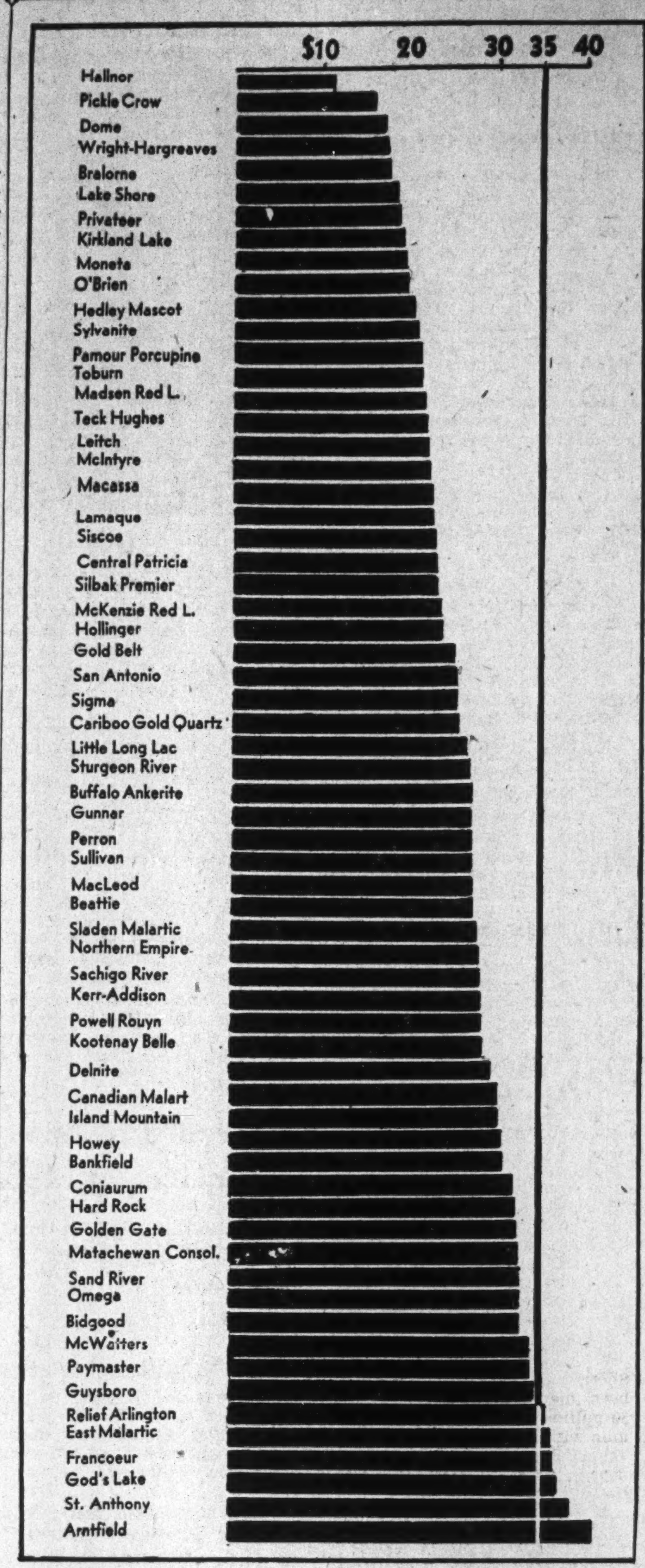
Comparisons with 1914-18 indicate that where growth possibilities exist on a large scale, gold output will increase despite war conditions. In 1914 the Porcupine camp was in its infancy. The 1914 conditions apply to only a relatively small proportion of the Canadian gold mining producers in 1939. As a result, the more stabilized industry of today may be less likely to meet its problem of rising costs through important new discoveries of ore. To a far greater extent than in 1914, the industry will be dependent on external economic influences.

In the final analysis, profits of Canadian gold mining during the war seem to depend on three main factors:

(a) Intensity of the strain on the Canadian economy and hence the degree to which costs are inflated.

(b) New taxation and the fiscal policies of the Dominion which may stimulate or retard the gold mining industry, and

(c) Policies of the United States, which, as the world's leading creditor nation, controls the price of gold.



Rising costs of wartime gold mining operations may be offset to a considerable degree by the rising cash return on gold sold which, because of the decline of the Canadian dollar in terms of American dollars, now brings around $38 an ounce, instead of the usual $35. The chart shows how much it costs Canada's leading gold mines to produce an ounce or $35 or $38 worth of gold.

Food Prices Jump on War

(Continued from page 1)

ties on the seas, increased costs of transporting materials and higher insurance risks will boost costs of some articles to Canadian consumers. Imported goods are for the most luxury lines, not likely to cause Canadians any great hardships.

Sugar Flurry

The commodity upon which the greatest demand has fallen since the outbreak of war has been sugar. An excessive retail demand disrupted supply facilities, but refiners and some wholesalers have not yet raised prices. The U. S. has thrown its market open to unrestricted entry of the product.

At the present time there is little likelihood of a shortage of this material. Approximately 14% of sugar consumed in Canada is of beet origin, and a good beet crop is expected within one month's time.

Cane sugar is supplied by the British West Indies, Australia, South Africa and Cuba. If the first three sources are cut off entirely, which would appear unlikely, by simply lowering tariff on sugar coming from Cuba a large supply would be assured.

Large Wheat Crop

Sugar brokers are not yet willing to predict what will happen to sugar prices, but they believe that Canadians ultimately will be called upon to pay added tax on the billion pounds consumed during the year.

Canada's 450 million wheat crop came at a propitious time, and along with a large carryover from the previous year, ensures ample supplies of flour for domestic and export purposes. There has already been a rise in the price of more than $1 a barrel (196 lb.) and this in turn has been reflected in bread and biscuit prices.

Tea is one commodity which is likely to be affected by wartime conditions. Practically all of Canada's shipments, amounting to about 37 million pounds annually, come through the Port of London. Any rerouting of ocean traffic or wartime convoyed shipments across the Atlantic are bound to raise prices. In addition there will be a wartime levy which will boost prices.

Coffee Plentiful

Biscuits and bread have felt the effect of increased ingredient costs. These manufactures have never been export items, but a substantial quantity of fancy English biscuits and confections is imported every year. These will undoubtedly suffer from higher ocean tariffs.

Coffee will probably be less difficult to obtain than tea, but additional imposts for war purposes will raise the price. Brazil has a large exportable surplus, and with Germany cut off from its source of supply, a greater surplus will be available. There would appear to be little difficulty in the way of receiving coffee via the U. S., if not in Canadian bottoms.

Many articles imported from Australia, such as raisins, dried and canned fruits have been imported into Canada from that country's 1939 crop, and the supply is sufficient to last for one year's consumption, it is believed.

Canned Products Demand

Glacé fruits, candies, imported cheese, will also feel the pinch of war, but there is available in the U. S. a wide variety of luxury lines which can be brought to Canada.

Canadian canners will probably now process as much of the remaining fruit and vegetable crops as they are able. The U. K. market will absorb all the canned foods that Canada can supply, and the market for canned tomatoes was recently thrown open. Canned salmon is regular army rations and the demand from this source will narrow Canadian domestic supply, boosting prices.

Other canned produce, such as pork and beans, has been moving up in price for some time because of Great Britain's purchases for war reserves.

Demand For Meat

Bacon, lard and shortening prices have risen and Canada cannot now fill the British quota. All dairy produce, milk, cheese, butter, etc., have become more expensive.

Canada's principal bacon and dairy competitor in the U. K. market, Denmark, will now be shut off from Britain. Canada, however, will encounter considerable competition from United States exporters, since the British Board of Trade announced that all restrictions on bacon and imports were suspended. Poland has been definitely removed as a source of bacon supplies for the U. K. U. K.

There will be a keen demand for animal fats, and prices of soaps will probably rise.

In the Great War, prices of foodstuffs moved steadily upward from 1915 to 1918, but the average of 1915 prices was down from those of 1914. Prices did not recover until after 1920.

The Dominion Bureau of Statistics indexes of staple foods in 60 cities of Canada show the trend of prices during the last war. Below are prices during the period from 1913 to 1920:

Staple Prices Indexes

	Beef Steak	Bacon	Eggs	Bread
1913	0.222	0.247	0.337	0.041
1914	0.244	0.259	0.334	0.043
1915	0.238	0.256	0.327	0.047
1916	0.252	0.288	0.380	0.050
1917	0.301	0.305	0.489	0.070
1918	0.364	0.494	0.565	0.078
1919	0.374	0.579	0.621	0.079
1920	0.389	0.559	0.709	0.093

With Government machinery hitting at "profiteering" or withholding supplies at the commencement of the war, combined with an ample supply of essential foodstuffs, there appears no reason why Canadians will not have sufficient foodstuffs at justifiable prices.

Slave Lake Likely To Start Working

Financing Deal Depends on Satisfactory Examination

Operations will be resumed at the property of Slave Lake Gold Mines in the Great Slave Lake area, N.W.T., if a deal with Carl Erickson, Toronto mining engineer, goes through, now dependent on a satisfactory result of an examination of the company's workings on Outpost Island.

In previous work a shaft was sunk to 450 ft. with levels opened at 50, 125, 200, 325 and 425 ft. Ore reserves when operations stopped were estimated at 17,308 tons of ore averaging 0.5 oz. gold per ton across an average width of 24 inches.

The agreement with Mr. Erickson calls for 100,000 shares to be taken up at 5 cents a share if Mr. Erickson is satisfied with his investigation of the property with option granted on a total of 1,470,000 shares.

Canad'n Beryllium Opens Beryl Ore

Development is under way on the beryl property of Canadian Beryllium Mines and Alloys comprising about 3,500 acres in Renfrew county, Ont. Operations are of quarrying type and no necessity for shaft sinking is anticipated.

Beryl crystals are found in pegmatite dykes on the property with the dykes varying in width up to 250 ft. The crystals themselves are hexagonal in shape and vary in size from the thickness of a pencil to 12 inches in diameter and over 5 ft. in length. Beryl ore is the source of the metal beryllium which when alloyed, with copper can give that metal a hardness sufficient to cut steel.

About 150,000 shares of this company are under option at unstated prices to provide funds for further development of the company's holdings.

Beattie Gold to Drill Savard Lake Property

A prospect diamond drill hole will be put down on the property of Savard Lake Mines by Beattie Gold Mines following a geophysical survey. Drilling is expected to start about Sept. 13 and the hole will test an area indicated by the geophysical survey.

The Savard Lake property comprises 1,600 acres in Clericy twp., Que., and is an amalgamation of properties held about 10 years ago by Harvie Mines, Archaem Mines, Hecla Copper, Primrose Syndicate and the Ottawa Syndicate.

Albany River Gold Mines Will Soon Secure Power

Active development is expected to get under way at Albany River Mines at once when power is turned on from the Ear Falls plant of the Ontario Hydro-Electric Power Commission.

During the summer the property was geologized and mapped. It is now anticipated a long crosscut will be driven from the mine workings to test ore indicated by diamond drilling.

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Week in Oils

War May Increase Sale Of Turner Valley Oil

Decline of Canadian Dollar Versus American Tends to Keep U. S. Crude Out—May Speed Pipeline as Exploration Continues

From Our Own Correspondent

CALGARY.—It is impossible to see more than the immediate effects of the war on Turner Valley. But these are already very important factors in the situation here.

First: The market for Turner Valley crude is expanding because of the decline of the Canadian dollar in terms of the American dollar. This has the effect of making U. S. crude more expensive for Canadian processors and distributors, hence widens the area over which they find it economically desirable to use the Turner Valley product. While Turner Valley production is now high (22,000 barrels daily) because of harvesting needs in Prairie Provinces, it is not expected that off-season production will again be reduced so sharply as it was last winter (10,000 barrels daily).

Second: Oil well production and drilling costs are likely to increase. Most of the materials in oil welling equipment are of a type which will rise in cost during war. Since much oil well specialty equipment comes from the United States, the unfavorable exchange ratio will further increase costs.

Third: The price of crude oil can be expected to rise. Because of the enormous productive powers of United States wells and the crucial inventory problem, which resulted in a complete shutdown in most oil producing states a month ago, it is doubtful if price increase will come at once. But during the last war crude soared to $3 per barrel. It must be pointed out, of course, that United States reserves were sharply lower at that time.

May Speed Pipeline

Probable effects of war would include:

Curtailment of American oil shipments to Canada. If it is a long war and demand for oil products increases as much as early estimates predict, it is not improbable that public opinion in a still neutral United States, would demand that depletion of this vital American raw material for the benefit of outsiders be discontinued.

Second probability is that the war will speed the development of oil in western Canada fields, hence speed the construction of a pipe line.

* * *

Eight More Drilling

Despite increased costs it appears that development of new fields and drilling more wells in Turner Valley will be vigorously continued. Drilling of two new wells has just been announced. Extension 3 and Royalite 47. Standard of British Columbia has contracted for an immediate start on the Steveville structure and Highwood Sarcee is ready to begin at Lloydminster. Four other wells are to start shortly, it is understood.

* * *

May Ask Tax Change

The Alberta Petroleum Association is considering taking up with the Dominion Government the possibility of making duty on oil well equipment, also the 8% sales tax applicable on the actual cost of the equipment in the United States in American funds and not on the cost of the equipment in the United States in Canadian funds.

* * *

Fight Freight Rate

The Board of Transport Commissioners for Canada has agreed to hold a freight rate hearing in Calgary on October 2 at which the joint application of the Provincial Government and the Alberta Petroleum Association for lower freight rates on Alberta oil shipments eastward will be considered.

* * *

The association contends present freight rates on oil shipments are discriminatory against the Alberta product; that gasoline refined from American crude oil at Sarnia and Montreal is transported by railways from the head of the Great Lakes to Winnipeg for less money per mile than is charged for transporting gasoline refined from Turner Valley crude oil in an easterly direction.

It is understood the board will also consider the rates agreed upon between the railways and oil companies on hauls of petroleum products for short distances in Alberta and Saskatchewan. The trucking industry is opposed to these lower charges.

* * *

Gas Clamp Down

The Petroleum and Natural Gas Conservation Board of Alberta, plans to clamp down further on waste gas. It is indicated in a notice just sent oil operators.

The board has announced that, after October 1, only gas used as fuel for the "generation of light, heat and power for domestic and industrial use in equipment, designed and constructed for that purpose," would be allowed. Gas consumption for any other purposes must be passed upon by the board.

Pontiac Rouyn Prepares For Exploration Work

Exploration of the section of the Rouyn camp north of Powell Rouyn Gold Mines is scheduled to get under way shortly with the announcement diamond drills are expected to reach the Pontiac Rouyn property this week. In preparation for drilling a geophysical and mapping survey is being done.

First diamond drilling will be done on the northern or gold section already known to exist. Later, drilling will be done on the sulphide or copper zone. Following sale of the Pontiac Rouyn property to a new company a short while ago, sufficient funds have been paid into the treasury for the present programme.

Montreal Stock Values Drifted During August

From Our Own Correspondent

MONTREAL.—Securities listed for trading on the Montreal Stock Exchange and the Montreal Curb Market had a value of $6,535 millions at the end of August, a decrease of $4[illegible] millions from the previous month. Since that time there has been a very substantial increase in values and indications are that the value at the end of September will be the highest recorded in many months.

Of last month's trading, 19 of 21 classifications were lower at the end of the month than at the close of July, while two were up.

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Mining Concentrates

Bass Lake Gold is making a check of favorable showings at its property west of Sudbury. Archie Burton, of Sudbury, is diamond drilling. In test pitting, encouraging assays were obtained in base and precious metals.

* * *

Camilla Canadian Mining Corp. will undertake a development campaign in Scadding township. Known occurrences on the property will be tested by diamond drilling. There are several veins which it is the intention to explore. Surface dump contains about 7,000 tons of ore, some of which reportedly assays high in gold content. In previous work a shaft was sunk to 186 ft. and some lateral work done.

* * *

Cariboo Gold Quartz production was lower in August due to treatment of a lower average grade of ore.

1939:	Tons Milled	Tons Daily	Recov. per ton $	Total Recov. $
August	9,410	304	13.45	126,525
July	7,344	237	20.03	147,070

* * *

De Santis Porcupine Mines reported an increase in production in August.

1939:	Tons Milled	Tons Daily	Recov. per ton $	Total Recov. $
August	4,781	154	7.88	37,657
July	....	156	5.56	27,000

* * *

Dawson White Gold Mines has had its assets withdrawn from sale by the trustee in bankruptcy following a meeting of shareholders. It is expected reorganization of the company will be arranged in the near future.

* * *

Devon Gold Mines has arranged acquisition of the property of Parkhill Gold Mines, in bankruptcy. Devon is to pay a maximum of $25,000 cash, subject to adjustment according to settlement of outstanding claims and sale of equipment not needed by Devon, and for the payment of 125,000 Devon shares, also subject to downward revision. Pending settlement of affairs of the bankrupt Parkhill estate, the agreement has been fixed by a three-month option. When Parkhill mill is reconstructed at Devon it will be capable of around 75 tons daily.

* * *

Empire Gold Mines is said to have suspended diamond drilling at the property of Galore Gold Mines in the southern sector of the Porcupine area.

* * *

Falconbridge Nickel will pay the regular dividend of 7½ cents per share for the third quarter of the year on Sept. 29 to shareholders of record Sept. 12. Net profits continue well in advance of dividend requirements and Falconbridge is building up a good cash reserve, with capital expenditures now at a minimum. The company in 1938 earned 53.2 cents per share, and indications are that 1939 profits will be higher.

* * *

Gold Belt Mining Co. had slightly higher production during August.

1939:	Tons Milled	Tons Daily	Recov. per ton $	Total Recov. $
August	5,003	161	8.22	41,151
July	5,004	161	8.06	40,337

* * *

Gunnar Gold Mines set a new record for production in August.

1939:	Tons Milled	Tons Daily	Recov. per ton $	Total Recov. $
August	4,000	129	13.55	54,187
July	4,395	142	12.32	54,131

* * *

Golden Gate Mining Co. reports slightly higher production and tonnage of ore milled in August over the preceding month.

1939:	Tons Milled	Tons Daily	Recov. per ton $	Total Recov. $
August	2,087	67	11.36	23,718
July	1,995	64	11.55	23,042

* * *

Heenan township, Sudbury mining division, is the scene of considerable prospecting and staking as result of a new find reported. The area is approximately 12 miles northwest of Opeepeesway field, where Jerome Gold Mines is developing underground the extensive ore body indicated by diamond drilling last summer and fall. So far, in Heenan, it is stated about 100 have been staked. It is understood one or two of the big mining companies have scouts at work.

* * *

Hanalda Gold Mines has its shaft down 220 ft. on its Uchi Lake property. Objective is 315 ft. with levels at 150 and 300 ft. depth.

* * *

Jason Mines has its shaft completed to 81 ft. below the 250-ft. level and the 375-ft. level will be established in a few weeks. Drifting at the 250-ft. level has been suspended until the new level is established. Work will then proceed on both levels. Reconditioning the mill for production is proceeding and milling will be started about the end of the year when electric power is available.

* * *

Lava Cap Gold Mining Corp. profit for first half 1939 is reported at $70,359, after allowing for maximum depletion and estimated income tax. Same period of 1938 profit on same basis amounted to $36,665. Ore reserves at the company's Banner mine are estimated at 128,500 tons, and at the Central mine, 88,700 tons, or a total of 217,200 tons for the two mines. This is sufficient for approximately two years' production at the present rate.

* * *

Jalda Gold Mines has its shaft down 55 ft. with installation of machinery completed. Connection has been made with the power line from Uchi Gold Mines.

* * *

Pamour Porcupine Mines has appointed a new mine manager in C. E. Anderson, formerly mine superintendent, to succeed R. M. Macaulay who has resigned. Oliver Hall, consulting engineer for Noranda, has been appointed consulting engineer.

* * *

Paymaster Consolidated Mines set a new record for monthly production in August showing increases both in tonnage milled and total recovery over figures for the previous month. Results are as follows:

1939:	Tons Milled	Tons Daily	Recov. per ton $	Total Recov. $
August	17,396	561	7.55	131,438
July	17,371	560	7.33	127,410

* * *

Pioneer Gold Mines production and profit both showed slight increases in August over the previous month:

1939:	*Oper. Expenses $	Total Production $
August	72,000	166,000
July	72,000	165,000

*Not including depreciation, taxes or depletion.

* * *

Privateer Mine production showed considerable reduction in September along with the company's announced policy to treat more development ore. Production for August is given below:

1939:	Tons Milled	Tons Daily	Recov. per ton $	Total Recov. $
August ...	2,436	79	35.45	86,359
July	2,333	75	45.82	106,895

* * *

Relief-Arlington Mines had the highest production and operating profit so far in 1939 during August.

1939:	Tons Milled	Gold Bullion oz.	Silver Bullion oz.	Oper. Profit $
August ...	2,692	1,895	368	28,395
July	2,710	1,510	187	20,170

* * *

Spud Valley Gold Mines reports higher production for August.

1939:	Tons Milled	Tons Daily	Recov. per ton $	Total Recov. $
August	1,773	57	31.31	55,509
July	1,610	52	26.27	42,300

* * *

Silbak-Premier Mines showed a considerable drop in smelter returns in August which resulted in a decrease in operating profit.

1939:	Tons Milled	Smelter Returns $	Oper. Profit *(est.) $
August .	14,612	122,664	43,106
July	13,452	141,160	54,180

*Before depreciation, depletion and amortization.

* * *

Siscoe Gold Mines production in August was down slightly from the previous month.

1939:	Tons Milled	Tons Daily	Recov. per ton $	Total Recov. $
August	18,067	583	8.88	160,431
July	18,472	596	8.90	164,484

* * *

Wendigo Gold Mines increased production by nearly $10,000 in August.

1939:	Tons Milled	Tons Daily	Recov. per ton $	Total Recov. $
August	3,104	100	11.96	37,113
July	3,026	98	8.99	27,214

Mining Enquiries

McIntyre Porcupine

I hold shares in McIntyre Porcupine and would be very grateful for some information on the earnings record over the past few years.

In the three months ended June 30, first quarter of the company's fiscal year, earnings of McIntyre Porcupine Mines amounted to $1.18 a share compared with $1.15 in the same period of last year. Earnings for the year ended March 31, 1939, totalled $4.24 which, while lower than the $4.50 earned the previous fiscal year, was not far out of line with the $4.29 the year before that.

McIntyre was fortunate last year in developing a considerable tonnage of high-grade ore in its new No. 25 vein which increased average grade from $10.50 to $11.12 a ton. The company's policy has been not to treat a higher average grade of ore but to use the new rich ore as a sweetener for lower grade material. While this will not have the effect of increasing current profits, the length of life of the mine should be lengthened materially. The company has announced that dividend distributions will be more generous in the future with consideration given to a bonus at the end of each calendar year. It is said intended to declare a bonus of $1 a share at the coming October dividend meeting.

Sherritt Gordon

Are there any indications of improvement in the situation at Sherritt Gordon Mines? I have held the company's stock for some years and any information you can give me will be appreciated.

In the past two years, Sherritt Gordon Mines has shown small losses due to the fact that copper was selling close to 10 cents per pound, a price closely approximating the total Sherritt Gordon cost. Production has been maintained at approximately 30 million pounds of copper per annum with no attempt to recover zinc values. Recently, due to war, higher copper prices may possibly improve the company's position.

Minewise the company has about eight years ore in reserve and normal development should expand this tonnage considerably. Unfortunately the main west ore body pinches approximately 250 ft. below the sixth or bottom level. Geological conditions below this horizon appear to be unchanged. Extensive exploration on surrounding claims is being carried out in an attempt to locate further ore bodies with some encouragement.

Financial position of the company is good with working capital slightly over $1 million at the end of 1938. With operating profits realized since that time this figure should be increased to around $1.4 million.

Bilmac Gold Mines

Has Bilmac been able to commence milling operations yet?

Bilmac Gold Mines has practically completed installation of a mill from 75 to 100 tons capacity, but installation of the last few parts has been held up due to a shortage of working capital.

Ore reserves were last estimated at sufficient for at least two years operation with much sampling indicating values of $15.95 to $26.77 per ton across drift width. What millheads will average will not be known until actual milling operations are commenced. No information has been given out as to when it will be possible to get into production.

Working Profit For Aldermac

Net Loss $81,102 After Charges—Sulphur Plant Delayed

Operating profit of $99,592 was realized by Aldermac Copper Corp. in 1938 after all charges except depreciation, interest and deferred development, but there was net loss for the year of $81,102 after these charges had been made. In the previous year an operating loss of $39,824 was experienced.

The 1938 loss added to the loss of $209,584 carried forward from the previous year brought deficit account to $290,596.

Tonnage milled at 358,902 tons was more than double that of the previous year and resulted in an output of 12,426,658 lb. of copper, 2,162.48 oz. of gold and 72,179 oz. of silver. Contracts are stated to have been completed recently for sale of 80,000 tons of pyrite concentrates at a price which will allow reasonable profit. A new dryer being installed with a capacity of 500 tons of concentrates was expected to increase tonnage shipped to 750 tons daily by Sept. 1. from 250 tons daily.

Sulphur Plant Delayed

Although designs and specifications have been completed for the first sulphur unit, better world conditions must be awaited before proceeding with erection of a plant, the president states. Results are said exceedingly satisfactory. When in production it is anticipated that sulphur can be produced profitably in competition with present producers. Licensing rights are also considered valuable.

Development in 1938 was confined to preparing the mine for mining between the 6th and 8th levels. Recently considerable tonnage of high pyrite, low copper ore has been handled to make available better sections of No. 4 ore body. This work is nearly completed and treatment of a better grade is expected. Ore reserves at the end of 1938 were 1,716,000 tons including 1,481,500 tons of positive ore above the 8th level. On Oct. 1, 1937, reserves had previously been reported at 2,082,000 tons including both positive and indicated ore.

Income and Surplus Account

	Year ended Dec. 31 1938 $	Feb. 1 to Dec. 31 1937 $
Metal production	1,361,116	690,500
Less: Marketing chgs.	523,622	242,744
Net production	837,494	447,756
Less: Mining exps. ..	361,885	191,984
Milling expenses ..	271,055	206,974
Other oper. exps. ..	96,762	82,122
Salary. exec. off. ..	6,000	5,500
Legal fees	2,200	1,000
Net oper. profit	99,592	*39,824
Less: Depreciation ...	40,011	69,235
Bond & note int. ..	24,275	21,585
Develop. w/o	116,318	78,940
Net loss	81,012	209,584
Add: Prev. deficit	209,584	......
Deficit forward	290,596	209,584
Shares outstanding ..	5,005,296	4,699,681

*Loss or deficit.

Working Capital

	1938 $	1937 $
Current assets	165,637	130,134
Current liabilities	227,130	242,151
Excess of current liabs. over current assets .	61,493	112,017

Hedley Mascot Policy Revised

Management Sees Chances for More Ore Good

From Our Own Correspondent

VANCOUVER.—Directors of Hedley Mascot Gold Mines have adopted a new dividend policy whereby they will not declare disbursements on an anticipated result but solely on the basis of known earnings.

President Wendell B. Farris, K.C., announces present reserve will not be depleted by the dividend payments and all development work, whether current or future, will be provided for before dividends.

Although revenues of Hedley Mascot have been much less in recent months, Mr. Farris points to the experience of Nickel Plate mine adjacent, whose production has varied to a greater extent than Mascot although it has been in continuous operation for 20 years.

Managing Director R. H. Stewart reports that between 30,000 and 40,000 tons of ore remains in the No. 4 body, for the present not available for mining. No new ore had been discovered until at the end of last year above the 4,800 or main level. This ore found to be extensions of No. 5 ore body is at present the main source of ore for the mill.

The ore bodies are described as irregular in values. Since mining is restricted to this one section of the mine, a considerable percentage of the tonnage is low grade. It has proved of sufficient value, however, to operate the mill without loss and has carried the cost of mining and development.

A drift to the south has exposed new ore extending the known ore bearing area 200 feet to the south.

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POCONO MANOR, PA.

See Roosevelt Backing Allies

(Continued from page 1)

would, without substantial cost to Washington, make the industrial plant 100% ready in case the United States ultimately became a participant.

Some question has arisen as to whether in this retooling American military secrets should be exposed to the Allies. The present decision is against such exposure, for a variety of reasons. The point, however, is not of exceptional importance, because by far the greater volume of war production would be standardized, not involving secret processes.

In issuing his proclamation declaring a state of national emergency, the President took pains to deny that he was putting the country on a war basis. That is true, but it is also true that he is so mobilizing resources that he could transfer the country from a nominal peace economy to a war economy within less than 24 hours.

Sentiment for Peace!

The sentiment in America is overwhelmingly for peace. So was it in England and France, and probably in Germany. The United States Government, however, is taking a realistic attitude. It understands that almost anything can happen. The feeling among high officials is that active American participation can best be avoided by permitting the Allies to buy what they please in the United States, and perhaps to aid that buying by granting, later, substantial commercial credits.

In this area, the Reconstruction Finance Corporation is in a position to do exceptionally fine work. It has available all the funds it can possibly need for another year. It is opening 35 new branches, whereas heretofore it has had only 32 offices, and it has decided to change its policies radically. In making advances hereafter, proper consideration will be given as to whether or not the loan will be of value in furthering industrial capacity for war production. This point is of enormous importance because it means that funds will be made available for a very large number of marginal plants, now idle or insolvent, wherewith to tool themselves for war production.

American Credit Needed

It also has another job to do. The airplane industry, in particular, may have to have large sums of money tied up while construction of planes is under way. The R.F.C. will advance all credits necessary to handle that situation.

There is still another area in which R.F.C. may be very helpful. The British and French Governments have indicated that, having mobilized holdings of American securities, they would prefer to use them as collateral, borrowing as need be, rather than to undertake their sale, which might, even under the best management, have unfortunate results. The legal advisers of R.F.C. have given their opinion that a loan or loans of this character can be made. The method of procedure would probably be to organize a holding company and lend the funds to it, it in turn lending them to the Allies. It is possible that nothing will be immediately done as to this situation, but the probability of it has been explored.

While realizing that the Canadian authorities themselves will probably decide where they want their exchange dollar fixed, good opinion in Washington is that it will be kept near par, in relation to the American dollar, and that this condition will continue throughout the war.

The Gold Situation

There has apparently been no serious consideration of further devaluation of the gold dollar. Washington has noted the action of South Africa in taking over for the Government the entire excess price for gold, over and above a fixed valuation. It is assumed that Canada will give consideration to doing likewise. Similar action in the United States is not probable at this time because the Government will still want maximum gold production and will have to take into account rise in costs of operation. Moreover, with more than $16 billions of gold the Government would have ample profits, arising from a further devaluation to 50 cents, to satisfy its requirements. And the treasury can pay what prices it pleases for gold, irrespective of the 50% devaluation to which the President is limited.

The American Government takes note of the fact that the Allies will have to finance the war with paper currency. There are many who believe that, ultimately, the huge American gold stock, to say nothing of its silver, will be the decisive factor. They hold this to be true whether or not the United States ever became an active military participant.

The Government does not appear to be particularly alarmed over its own bond market. Facilities for supporting it are almost unlimited.

To Stop Hitler

It is remarked that the President, in recent weeks, has appeared calm and deliberate, sure of himself and without undue anxiety, except as all sane men dread the convulsion of war. The reasons for this are rather easy to guess. In the first place, no man ever had his mind more firmly fixed on one set thing. His intimates say that, ever since Munich, he has been convinced that Hitler must be stopped, no matter what the cost. His idea is therefore that there should be no waste of American resources, no failure to mobilize American strength to its maximum, no hesitation in giving the Allies all possible support, within the limits of a technical neutrality.

That is one reason—he knows what he wants to do. Another is that the more or less radical advisers who heretofore have sat around in council and capitalized their dreams, wanting to reform everything in sight, are no longer particularly in evidence. The President has surrounded himself with practical men, men who know industry and business inside and out, from experience, and with army and naval experts. They do not talk to him in terms of reform. Their counsel concerns the most practicable way of utilizing the vast power of the United States in this world crisis to the best advantage.

A New Roosevelt

This situation runs not only as to men directly about the President, such as Jesse Jones, who is trusted both by businessmen and by Congress, but also in other spheres. Secretary Morgenthau has called in practical experts to advise him on finance. There will, for instance, be no breakdown of financial confidence by such wild talking and actions as came out of Washington in the spring of 1937 and stopped the recovery in its tracks.

It is an entirely different Roosevelt from the great proponent of the New Deal. Whether the metamorphosis is permanent or not is still to be disclosed. But the testimony of army and naval experts, and others, is unanimous to the effect that Roosevelt, in making ready for war, is a man of sound vision, profound convictions and practical in all his doings.

So far, despite politics, industrialists and other business leaders who have been summoned to Washington for consultation and service are at one with the President's ideas and are supporting him.

Neutrality Revision Certain

The foregoing being the picture, there is not much doubt among officials in Washington as to the revision of the Neutrality Act. The only big problem all along has been as to the timing. It is the Administration's present hope that Congress will simply meet, revise the Neutrality Act and then go home. This may prove to be a fallacious hope.

It should be recognized, on the other hand, that the American economy has already capitalized the war situation to such an extent that a quick peace, or the defeat of the Allies through lack of air equipment, could readily be an economic disaster of the first magnitude. On this account, if none other, the demand that the Allies be permitted to buy what they want will be irresistible, even in Congress. That may be pure selfishness, but the pocket nerve is still a very vital factor in human affairs, particularly when it comes to the making of national policy.

Leave Industry Alone

One of the practical things the Administration has done is to recognize that maximum industrial production cannot be expected unless there is a profit motive. That is one reason why it has been definitely determined not to attempt nationalization of industry, even if the United States should enter the war, but to accept the Baruch dictum that nothing could be more fatal, in time of stress, than to change the management. It is even improbable that the Administration would want to take over the rails.

As to radio, the President having declared a state of emergency, could suspend all regulations, through the Communications Commission, and practically take the whole industry over. He is not likely to do so because the radio authorities themselves have voluntarily co-operated with the Administration, as for instance in regard to the character of broadcasts directed to Latin-America.

The Administration is especially friendly toward Canada. Canada is a neighbor nation, one of the nations toward which the good-neighbor policy particularly applies. Many of the problems of Canada are similar to those in the United States. In fact, Washington will not mind stretching its practice a little, in any area, if this would be helpful to Canada in aiding the Allies

This thinking is far ahead of the thinking of the country as a whole. Outside Washington, and even outside close circles of Washington, there has been little understanding of the intensity of the problem developing in Europe or the virtual inevitability that the issue was transferring itself across the Atlantic in such form that the United States would have to take some cognizance of it. The Administration was not bluffing when it gave its specific reasons for wanting neutrality revision in July. It was perfectly sincere when it told members of Congress privately that war was likely, anyhow, but that revision of neutrality might possibly detour Hitler and avoid the conflict.

American diplomatic advices have been excellent. They have painted the picture in precise terms and left no reason to doubt that Hitler would make his grand play this year, not next year, if only because his comparative military strength would be at a maximum at this time, with allied preparedness probably overreaching him not later than October.

Washington thoroughly discounts the various reports that the allied governments may accept a Hitler proffer of peace, after the Germans have occupied industrial Poland and can present them with a fait accompli. Expert opinion is that the war may be a short one only if German superiority in the air becomes so pronounced that the Allies would have to succumb.

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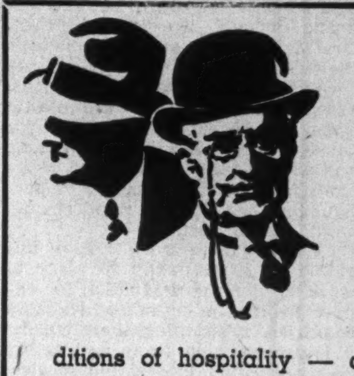

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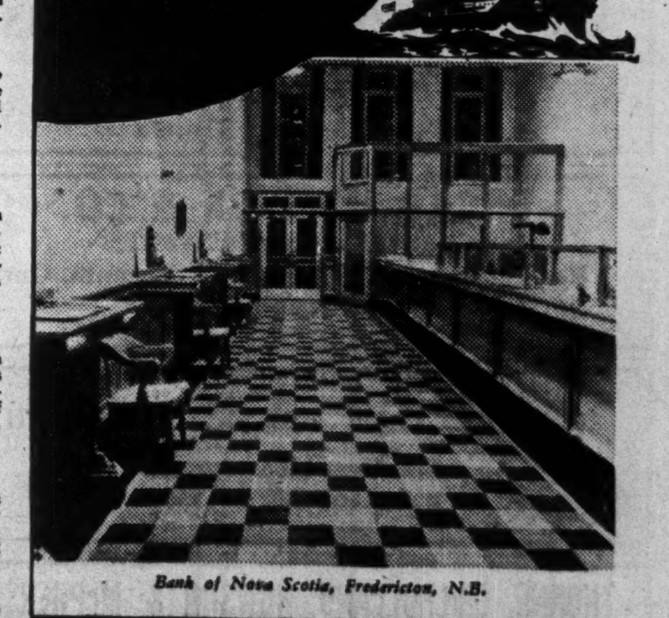

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How Strong is Germany?

Largely or Entirely Lacking in Bulk of Essential Raw Materials

Will supplies of raw materials be the deciding factor in the present war? Authorities believe Germany is seriously lacking in the essential supplies necessary for waging a long war. Even should Poland be decisively defeated, Germany will still be in the unenviable position of fighting a long war.

German strategy is based on the "lightning war," a theory which has been by no means proved. Certainly the prospect of such a war working against Britain and France seems to have been built up. In short, Hitler, whether he wishes it or not, appears to face a war of long duration even should he at the start be partially successful.

The Soviet-German Pact

A reappraisal of Germany's war material needs is now necessary in view of the Soviet-German trade and non-aggression pacts. Previously insufficiency in raw materials and foodstuffs had an impressive military significance and the importance of the new situation must be gauged in a new light.

The Russian pact, plus substantial conquest in Poland, plus again either absorption or domination of much of Central Europe opens a large portion of Germany's backdoor. Provided it can be kept open the allies' sea blockade cannot be made completely effective.

How Will They Trade?

But an open door is one thing, the ability to trade through it is another. Most authorities assume that Germany will have to make some payment in kind for any goods received from Russia. The latter is expected to furnish badly needed raw materials. Normally in exchange agricultural and other machinery would be exported to Russia.

But experts are extremely doubtful of Germany's ability to produce manufactured goods for export and at the same time engage in desperate war. It is therefore suggested that perhaps instead of German goods flowing to the Soviet in exchange for vital raw materials, payment may have been promised in a future slice of conquered Poland. It is pointed out, however, that in the recent shipment of Russian goods to the beleaguered Spanish "Loyalists" the Russians demanded and received not promises of influence or territory, but gold.

As for trade with any part of Poland conquered or with already absorbed Czecho-Slovakia and Austria or even with German dominated Hungary, it is assumed that the Reich will be able to use while it lasts, its own might. Goods will be either confiscated outright as needed or taken in exchange for depreciated currency.

But in addition the important fact remains there are certain essential raw materials which even Russia or Central European countries cannot supply. One of the most important is rubber of which Germany must import 75% of her requirements, even allowing for production of the synthetic product which is by no means completely satisfactory.

Weak in Raw Materials

If Germany plans to finance much of her war needs by exporting certain surplus raw materials she appears doomed to disappointment. Coal is the only product in which there is a large available exportable surplus. In the event of the British being able to force the Baltic Sea the principal market for this coal in Sweden would be cut off and what would be still more disastrous to Germany, a source of perhaps half her iron ore requirements would also be lost.

Certainly there is no force of unemployed in Germany to place to work to increase production for export to Russia or other available countries. If anything, there will be a lower working force with army reserves called into active service. Foreign exchange resources are known to be extremely limited and the gold supply is abnormally low. Little chance of increasing purchases through financial resources appears possible.

An Opposite View

Of course, there are some people who believe that Germany may have accumulated or in feasible prospect the supplies to wage a long war if this should prove necessary. G. Ward Price states in his book, Year of Reckoning:

"The readiness with which the German Government incurs this risk (war) would seem to discredit the belief of some foreign observers that its supplies of essential raw materials, especially petrol, are so limited that it could not face a long campaign, Marshal Goering has assured me that Germany is now manufacturing petrol from 'brown coal' on such a scale that he is building two distillation plants, to utilize the deposits of that material in Austria, which will produce petrol for export.

"With the nine-million ton output of the Roumanian oil fields already in reach of her grasp, it would certainly be optimistic to suppose that Germany's war machine would collapse for lack of fuel."

Lacks 33 Products

Authorities estimate that Germany is deficient in at least 33 raw materials which are essential in varying degrees to her economy. Germany must import 75% of her peacetime war demand of iron (half her imports came from France) and it appears quite likely wartime requirements will be on a much expanded scale. Germany may now win access to the resources of Upper Silesia but it is known that the Poles planned to dynamite these mines before abandoning them so the Germans may not find them readily usable.

German resources of oil are very small and synthetic output is only one third of peacetime requirements. Whether the synthetic product itself is suitable for airplanes is not known. In time of war the German need for oil may be doubled or perhaps even trebled. Roumania produces an amount of oil equivalent to the German peacetime consumption but other sources will have to be drawn on if war demand is to be met. Roumanian production is declining as it is. The U. S. S. R. has resources of oil but her own demands have increased in recent years and intensification of difficulties with Japan may leave little surplus available for sale, even assuming that Germany should have an export surplus of suitable goods for trading.

The following statistics were compiled by the Royal Institute of International Affairs:

LARGELY OR ENTIRELY LACKING

Copper	Cotton
Tin	Wool
Bauxite	Jute
Nickel	Silk
Tungsten	Flax
Chromium	Hemp
Vanadium	Sisal
Molybdenum	Corn
Mercury	Coffee
Phosphates	Tobacco
Asbestos	

PARTLY LACKING

Iron	Pyrites
Lead	Rubber
Zinc	Timber
Manganese	Wheat
Antimony	Meat
Petroleum	Fats
Sulphur	

APPROXIMATELY SELF-SUFFICIENT

Potatoes

EXPORT SURPLUS

Coal	Magnesite
Potash	Sugar

Copper is one of the key metals of warfare and in this product Germany is able to supply only a small fraction of her requirements. Jugoslavia, if willing or forced, is considered her best source in wartime but the situation is clouded for Germany by the fact that the copper mines are controlled by a French company. At best the country can supply only a small fraction of Germany's requirements, the great bulk of the world's copper being produced outside the European continent. The U. S. S. R. produces a considerable amount of copper but as yet that country is still a net importer.

Has No Nickel

Nickel is one metal that Germany is practically entirely dependent on imports for her requirements. It may some day prove a very vulnerable spot in the German armor if it is possible to prevent re-export of nickel from neutral countries once it has been sold by the Canadian companies, the chief producers. Small supplies are available from other countries but are entirely inadequate for the German needs. In 1940, International Nickel will bring a new mine into production in Finland, so the possibility is faced that Germany will have an accessible supply from that country.

While Germany is now believed to be producing close to 85% of her food requirements she is particularly deficient in certain particular products. Thus Germany is fully self-sufficient in potatoes and beet sugar, but dependent for at least 40% of her supply of fats. In cereals most of the country's requirements can be met from domestic production, although in a bad year such as 1937, 25% of requirements had to be imported. In the case of corn the entire supply has to be brought in.

Short on Fats

Germany imports 15% of her butter requirements but more important than the butter shortage are the imports of oilseeds and whale oil, both of which must come from abroad and will be now cut off. The volume of imports of oilseeds (in terms of oil content) are about six times those of butter, and of whale oil about double. Some whale oil may be obtained from Norway but oilseeds must come in the main from the tropics or the far east. Output has been fostered in Europe but is still very small.

For some other raw materials Germany is either not so badly off or has sources of supply which are not too remote. Half her needs in lead are supplied by herself. The other half comes from Jugoslavia and Spain, one perhaps accessible the other not. She has expanded a smelting capacity to put her well on the way to self-sufficiency in zinc and may find export surpluses in Italy, Jugoslavia and Sweden. She supplies 25% of her needs of sulphur and pyrites, and gets the remainder from Norway, or from Italy, which is the leading exporter of sulphur and a large exporter of pyrites. Germany gets mercury from Spain, a source now easily cut off.

Now Lacks Capital

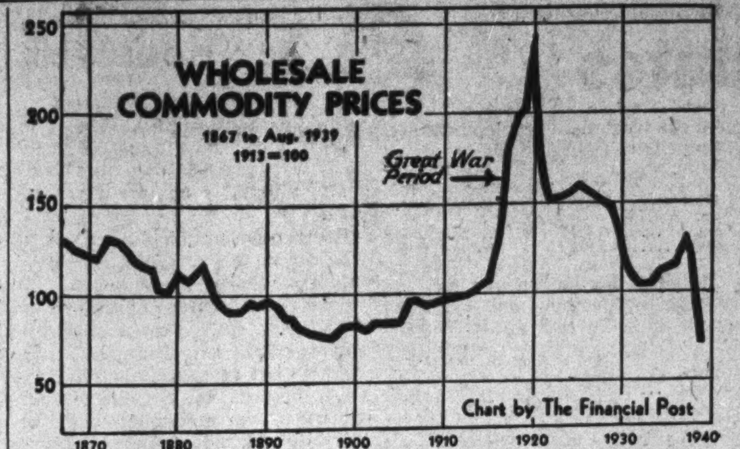
At the beginning of the last war Germany was a country with an abundance of raw materials and strong financial resources. The methods of financing resorted to over the last year show that Germany is now lacking in liquid capital or raw materials, even though a war chest of essential war materials has probably been built up within the country. A shortage of food, however, may just as easily bring Germany to her knees as a shortage of nickel. It did in the last war and the food problem proved a deciding factor in the Spanish war. Madrid's surrender was rather due to a shortage of food than any final passage at arms.

Railways Slighted

Effort in the German economy has been so concentrated on rearmament that industry has not been able to make needed replacements. Concerning this angle Bernard Keeling writes in "Germany—What Next?" as follows:

"The number of houses and flats completed in the first nine months of 1938 declined by 21% as compared with 1937, and there is an estimated shortage of 1.5 million dwellings. Even the railways have suffered, in spite of their obvious strategic importance. According to a recent report by the Reichsbahn, they are in urgent need of new capital for the renovation of the permanent way and rolling stock. Indeed the semi-official Institut fur Konjunkturforschung estimates that the supply of goods wagons is 15 to 20% short of requirements, and that the railways will have to raise nearly Rm. 10 milliards of new capital during the next three or four years.

The methods used by Germany in building up her resistance and striking power may prove her ultimate downfall. Attempts to build up impenetrable walls on her east and west frontiers may have overtaxed her financial strength. Perhaps the large German productive capacity in planes may be of little use if, after the first rigorous months of war, it is found impossible to finance the necessary imports of raw materials for the manufacture of additional planes. Reports have already been circulated of German authorities removing iron fences to tap the last possible resources of the country in iron. Time will tell if the quick steps taken by Germany in rationing certain foods at the outbreak of war was but a sign of preparedness for any eventuality or an indication that every day would be of intense importance if Germany was to be successful in its war game.



In the above chart is shown the course of prices since 1867, the year of Confederation. In this the influence of war is visible. In 1867 prices were relatively high following the United States Civil War and the Austro-German War. This later declined but rose again after the Franco-Prussian War. From then on there was a gradual decline until about 1897, when increased gold production brought an upturn. The outbreak of the First Great War in 1914 was followed by a rising price trend which carried the index number to unprecedented heights in 1920. Since then the trend has been irregularly downward even in the boom period of 1926-29.

Capital Inflow Continued To Eve Of War Outbreak

To the end of July at least, investors in other countries continued to regard Canada as a desirable haven for their capital. The month of July showed a resumption of the net inflow of capital which had prevailed during the first five months of this year, only to be halted temporarily in June. Canadian purchases of foreign securities declined more than sales in July with the result that there was a net inflow of capital amounting to $3.1 millions, according to figures prepared by the Dominion Bureau of Statistics.

United States investors bought Canadian securities to the amount of $4.2 millions in excess of Canadian purchases of stocks and bonds of that country. This contrasts with a net export of capital through excess purchases of U. S. securities to the amount of $1 million in June and net sales in May of $9.4 millions. Canadian bonds accounted for the greater part of the net export of capital to the United States.

Trade in securities with the United Kingdom declined sharply in July but Canadian purchases were $2.8 millions in excess of net sales.

Countries other than the United Kingdom and the United States continued to supply important amounts of capital to Canada during July. Net sales of Canadian stocks accounted for the major part of the net import of $1.7 million.

During the first seven months of this year, net sales of all securities to the United States were $47.9 millions and net sales to other countries about $17.3 millions. There was, however, a net balance of purchases from the United Kingdom of $2.9 millions. Net sales of $40 millions of Canadian bonds are reported to the United States and of about $2 millions to other countries while there were net purchases of $2.7 millions of Canadian bonds from the United Kingdom.

In contrast to the showing of Canadian bonds, the United States took only $700,000 of Canadian stocks while repurchases from the United Kingdom amounted to $1 million. On the other hand, other countries took a net balance of $14.7 millions of Canadian stocks.

Analysis of Total Trade in Securities
Seven Months Ended July 31, 1939

	Total sales $	Total purchases $
Bonds & debents. ..	110,058,188	71,474,524
Candn. new issues	5,883,997	....
Candn. outstand. issues:		
Dominion	21,177,940	10,209,067
Provincial	24,612,218	12,844,329
Municipal	6,080,288	7,240,862
Dom. guarant'd	14,051,375	6,282,884
Railway	3,339,878	4,822,130
Other corpns. ..	20,313,653	13,726,815
U. S. new issues:		
Government ...	....	3,814,330
Other	....	744,705
U. S. outstand. issues:		
Government ...	4,404,560	199,071
Other	3,506,257	3,787,411
U. K. new issues:		
Government ...	....	14,660
Other	....	81,567
U. K. outstand. issues:		
Government ...	435,746	392,601
Other	1,456,575	893,793
Other countries new issues	....	6,130
Other countries o/s issues	1,327,744	1,822,390
Unspecified	3,467,957	3,591,779
Common & pref. stocks:		
Canadian	56,641,027	42,195,398
United States	52,767,560	44,219,716
United Kingdom .	583,381	63,252
Other countries ..	213,706	117,898
Other securities:		
Canadian	2,437	3,065
United States	6,940	5,422
United Kingdom .	8,150	72
Other countries ..	27,452	4,151
Total	220,308,841	158,083,498

Wpg. Electric May Finance

Seeking Authority to Issue New First Mortgage Bonds

From Our Own Correspondent

MONTREAL.—Refunding of the 4½% first mortgage bonds of Winnipeg Electric Co. is indicated in a notice calling a meeting of the holders of the general mortgage bonds and debenture stock in Toronto for October 16 next, to approve changes in the trust deed to permit creation of new first mortgage bonds in the event of the present issue being redeemed.

The notice states that aggregate principal of any such new first mortgage bonds shall not exceed the aggregate principal amount authorized under the trust deed dated January 2, 1935, had the same remained in effect.

Further, the refunding issue would not increase annual first mortgage interest charges, amortization or redemption premiums, and sinking fund would be equivalent to that payable on the old series.

$3.5 Millions Involved

At present Winnipeg Electric has outstanding $3.5 millions of 4½% first mortgage bonds due 1960. These bonds are callable at 102½ to January 2, 1945, at 101½ to January 2, 1955, and 101 thereafter to maturity.

The 4½% bonds were offered to the public in March, 1936, at 101½ by Nesbitt, Thomson & Co., Dominion Securities Corp., and McTaggart, Hannaford, Birks and Gordon. The proceeds were used to retire the first mortgage bonds of the company which matured on January 1, 1935, and were outstanding to the amount of $2,917,000. The remainder of the proceeds was used to pay underwriting costs, cost of reorganization and for other corporate purposes.

Joins Amos, Christie

F. G. Venables, formerly a partner with Watt & Watt, Toronto Stock Exchange member firm, has become a partner in the firm of Amos, Christie & Co., it is announced.

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Sask.

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Chartered Accountants
WINNIPEG
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MILLAR, MACDONALD & CO.
Chartered Accountants
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LEVY BROS.
Announce
A COMPLETE SHOWING OF NEW FALL MATERIALS FOR
SUITS and OVERCOATS

Like the intimacy between two good friends is the relationship between fine tailoring and smart fabrics. Who can analyze either one? In clothes, it is perhaps wiser to admire the result and call it Style! When a suit or overcoat has a combination of LEVY BROS. skillful tailoring and carefully selected fabrics, the result is attired perfection.

See the complete and varied selection.

Come in and make your Choice.

Levy Bros.
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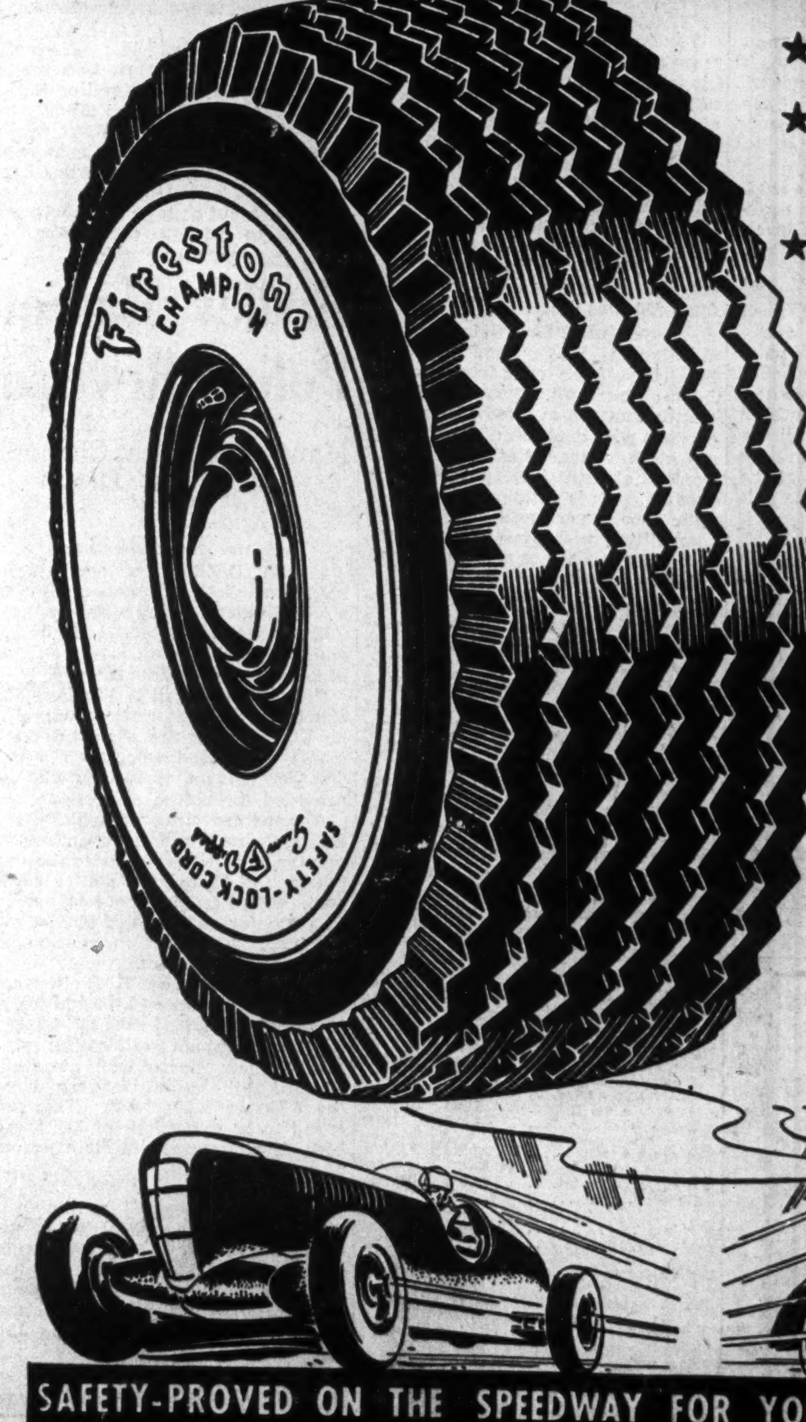
GRABBING IS OUT....

The new menu service system introduced in all Crawley & McCracken-managed camps, whereby each man's individual choice is served direct from the kitchen, eliminates rush, confusion and complaints.

CRAWLEY & McCRACKEN
COMPANY, LIMITED
MONTREAL

BACHELOR CIGARS
100% Havana Filler
10¢

CANADA ACCLAIMS THE NEW
Firestone
CHAMPION



★ More Mileage
★ Greater Protection Against Skidding
★ Stronger Cord Body

This sensational new Firestone Champion Tire is everything its name implies—a champion in long mileage, safety and style. Never before could you get so much extra tire value—*and at no extra cost!*

Only in Firestone Champion Tires can you get such outstanding features as the new Safety-Lock cords, 2 Extra Plies of Gum-Dipped cords under the tread and the new Firestone Gear-Grip tread with thousands of sharp-edged angles that make it a marvel for long mileage and quick, safe stops.

(A set of these smart, streamlined tires with either white or black sidewalls gives your car an entirely new appearance.) Have the nearest Firestone Dealer put them on to-day —Specify Firestone Champion Tires when buying your new car.

SAFETY-PROVED ON THE SPEEDWAY FOR YOUR PROTECTION ON THE HIGHWAY